

FINANCIAL TIMES

EUROPE'S BUSINESS NEWSPAPER

Kuwait: In the eye of the Gulf war storm, Page 3

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World News

Business Summary

Human rights top Moscow agenda

Washington expects to see human rights at the top of the agenda when Mr George Shultz, the US Secretary of State, meets Mr Eduard Shevardnadze, the Soviet Foreign Minister, in Moscow on Sunday, a senior US official said.

Ms Rosemary Rigway, Assistant Secretary of State for European affairs, said that strategic arms cuts and Soviet withdrawal from Afghanistan would be the other key issues. Page 16

RUC discipline inquiry
A top English police chief is to oversee a disciplinary investigation into Northern Ireland's Royal Ulster Constabulary arising from a report into an alleged shoot-to-kill policy in 1982. Pledge on terrorism. Page 16

Lagos charges officers
Nigerian authorities charged two senior security officers with murdering Mr Dale Givens, a journalist, who was killed by a parcel bomb at his Lagos home in 1986. Page 3

Uganda ambush
Rebels in northern Uganda ambushed a convoy of six UN relief trucks, killing two people and wounding six.

Falklands concern
The US is trying to halt rising tension in the South Atlantic over Britain's proposed military manoeuvres around the disputed Falkland Islands, diplomatic sources said in Buenos Aires. Page 4

Thailand-Laos truce
Thailand and Laos agreed to a cease-fire in their bitter six-month dispute over border hills. Page 2

Nuns and priests held
Nuns and priests were among about 50 people arrested in an Ashrafieh suburb of Beirut, Christian Peace Movement protesters at the Ministry of Defence in London.

Palestinian killed
Another Palestinian was killed and three injured when Israeli troops fired on West Bank villagers barricaded behind a wall. Page 5

Birth control bonuses
China is to give bonuses or penalties to its birth control Party groups according to how well they enforce birth control regulations. Page 3

Goria seeks backing
Embattled Italian Premier Giovanni Goria, who tried to resign last week, asked Parliament for a confidence vote, implying that there could be a constitutional crisis if it was withheld. Page 2

Peruvian protest death
A man was killed when an armoured police bus charged into a crowd of Peruvian slum-dwellers demonstrating outside the presidential palace in Lima. The protesters were demanding better living conditions.

Hotel sold for £110m
The 500-room Churchill Hotel in London has been sold by Kuwaiti consortium International Realty Investment to Hong Kong-based Park Lane Hotels for more than £110m (£115.5m), the highest price paid for a hotel in Europe.

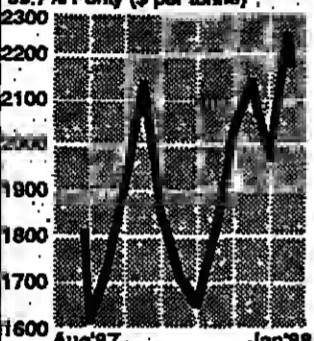
Bid to save Post
Negotiations between unions and management began in a last-ditch effort to save the New York Post before the Friday deadline set by Post owner Rupert Murdoch, who has demanded \$24m in union concessions over three years.

I'll read that again
Israeli tourist bureaux are dropping advertisements that describe Jerusalem and Tel Aviv as being "a stone's throw" from each other, following 10 weeks of violence in occupied territories.

Blue Circle takeover of Birmid cast into doubt

BLUE CIRCLE, UK cement group which last week claimed to have won a takeover battle for Birmid Quilcast, a home products manufacturer, had its victory thrown into doubt when the Takeover Panel, which monitors UK takeover activity, ordered an investigation into the share count. The inquiry centres on fears that Eusebio Govett, Blue Circle's broker, may have counted Birmid shares bought in the market last week twice. Page 17

ALUMINIUM market, which had reached eight year highs during the day on Tuesday,



showed a big fall as a wave of profit-taking swept the London Metal Exchange. The cash high grade price ended the day \$35 down at \$2,135. a tonne. Page 26

WALL STREET: Dow Jones Industrial Average closed 4.98 down at 2000.99. Page 38

LONDON: Shares generally staged a quiet advance in most areas. The FTSE 100 index closed 13.5 up at 1,748.1. Page 34

TOKYO: Overnight advance on Wall Street fuelled buying enthusiasm in Tokyo, helping to send share prices to their highest since the October crash. The Nikkei average ended 84.28 higher at 24,429.95. Page 38

DOLLAR closed in New York at DM1.7020, ¥130.16, SFr1.4006 and FFfr.7520. It closed in London at \$1.7485 (\$1.7480) DM1.9225 (DM1.9220) ¥130.30 (¥130.20) SFr1.4020 (unchanged). FFfr.7626 (FFfr.7726). Page 27

STERLING closed in New York at \$1.7485. It closed in London at \$1.7485 (\$1.7480) DM1.9225 (DM1.9220) ¥130.30 (¥130.20) SFr1.4020 (unchanged). FFfr.7626 (FFfr.7726). Page 27

IMPALA PLATINUM, South African platinum producer, says greater use of market-related pricing has helped it boost turnover by 40.4 per cent to R782m (\$262m). Page 18

EUROPEAN Commission announced an inquiry into alleged unfair dumping of Japanese photocopyers and Korean televisions. Page 6

SONY and PIONEER, Japanese electrical goods makers, reported sharply increased net profits in the quarter ended December. Page 15

SABIC (Saudi Basic Industries Corporation) country's petrochemical group, quadrupled its profits last year to SR1bn (\$266.6m) from SR243m on the back of higher production levels and product prices. Page 18

REMY MARTIN, family-owned French cognac company which is bidding to buy Benedictine, the French liqueur concern, is waiting for the government's response to a rival offer from Martini before deciding whether to raise its bid. Page 17

US INSURERS Aetna Life & Casualty and Cigna blamed turmoil in financial markets and dismal conditions in health insurance for mixed results. Aetna's net income for the year fell from \$1.04bn to \$920.6m and Cigna's from \$817.3 to \$728.3m. Page 17

Politburo chief urges Soviet education reforms

BY CHARLES HODGSON IN MOSCOW

A RADICAL REFORM of the Soviet Union's educational system was urged yesterday by Mr Yegor Ligachev, the ideology chief and second in the Politburo. He said change was crucial to the success of Mr Mikhail Gorbachev's reforms.

He was speaking at the opening of a plenary meeting of the Communist party's policy-making central committee.

Officially, the meeting is devoted to educational reforms but is widely expected to discuss leadership changes, including the possible promotion of non-voting members of the politburo of Mr Boris Yeltsin, who fell from power last year as Moscow party leader.

Mr Ligachev said secondary

schools and higher education institutes were not turning out enough skilled workers, and education and vocational training was not keeping pace with technological change at work.

He told the 300-member committee that there was a surplus of qualified engineers in some sectors and a shortage in others. "There is now an acute shortage of economists, particularly in the managerial area."

The Soviet Union spends about 40bn roubles (\$66bn) a year on education, and that would need to be increased substantially, he said.

Particular attention would be given to the construction of new schools; capital investment in school building would be

doubled by the year 2000. The supply of computers and other essential equipment to schools and training centres would also be speeded up.

Soviet newspapers have recently carried a spate of articles criticising the poor state of schools, the shortage of basic equipment and the low standards of teacher training and performance.

Mr Ligachev said that, while the number of higher education institutes was increasing, their standards were not. Vocational training needed to be improved and special allied centres set up in big cities.

He also called for more

democracy in running schools, with parents, pupils and representatives of local industry being appointed to management committees.

The meeting may also discuss changes in the membership of the central committee itself, which Mr Gorbachev is keen to see decided at the party conference scheduled for June.

Western analysts say the central committee, about 60 per cent of whose members are survivors from the Brezhnev era and unenthusiastic about reform, is the leadership body least touched by personnel reshuffles since Mr Gorbachev came to power in 1985.



Yegor Ligachev: not enough skilled workers

Saudis to go ahead on revamp of oil industry

By Richard Johns in London

THE SAUDI Government is understood to be aiming at a complete reorganisation of its oil industry by the end of this year having accepted that its original target date of April cannot be met.

Its objective is to establish a holding company directing different affiliates responsible for exploration and production, crude refining, lube blending, internal marketing, export sales and shipping, according to consultants close to the Kingdom.

Formation of a new entity similar in structure to the Kuwait Petroleum Corporation will almost certainly mean - in name at least - the end of the Arabian American Oil Company, the giant producing operation dating back to the days of the concession enjoyed by four US oil majors, which still provide expertise and manpower.

Nevertheless, there could still be some kind of contractual role for Exxon, Shell, Texaco and Mobil as well as preferential access to Saudi crude similar to the market-related prices which they now enjoy, the consultants say.

Saudi Arabia is also known to want to secure export outlets "downstream" in the leading consuming countries by buying into existing refining and marketing operations, as KFC and Petrobras de Venezuela have done.

As yet, though, it has not responded to proposals about equity participation made by Exxon, Texaco and Mobil in response to Riyadh's request for offers.

Under the reorganisation being presided over by Mr Hisham Nazer, the Minister of Oil, Petrotrin will disappear. Originally established in 1962 as a state oil corporation and as vehicle for industrial diversification it has had charge of refining, including joint venture export-oriented facilities, and domestic distribution of products but has handled contracts covering only a very small portion of the country's overseas sales of crude.

Aramco has been responsible for all exploration and output in the Kingdom proper (excluding the Neutral Zone territory shared with Kuwait).

It is expected to keep its present form even though its name will inevitably change.

The state's 60 per cent state control over Aramco was agreed in 1974 and full ownership announced in 1980 though most of the expatriate staff remained and Americans are still predominant in key management positions.

The four majors have continued

Continued on Page 16

BUSH RESCUES CAMPAIGN WITH CRUCIAL WIN OVER DOLE

Presidential hopefuls head for the South

BY STEWART FLEMING, US EDITOR, IN MANCHESTER, NEW HAMPSHIRE

THE FIGHT for the Republican and Democratic parties' Presidential nominations entered a major new phase yesterday as the leading candidates began to focus attention on the primary elections and caucuses to be held in 20 states on March 8 - known as "Super Tuesday."

Both Mr George Bush, the Vice President, who swept to a convincing 9 percentage point victory in the New Hampshire primary on Tuesday night, and the man he defeated, Senator Robert Dole, today begin what promises to be a three-week period of high pressure campaigning in key Southern states.

Their main rival in the south, Mr Pat Robertson, the former television evangelist, who came a disappointing fifth in New Hampshire, was already campaigning in Florida yesterday.

Continued on Page 16

New Hampshire Primary Results			
Republicans	% of vote	Democrats	% of vote
George Bush	38	Michael Dukakis	36
Robert Dole	25	Richard Gephardt	20
Jack Kemp	13	Paul Simon	17
Pierre Duport	10	Jesse Jackson	8
Pat Robertson	10	Albert Gore	7
		Bruce Babbitt	5
		Gary Hart	4

Mr Bush's clear cut victory in the Republican primary rescued his campaign from the brink of disaster after he had lost to Dole and Mr Robertson in the Iowa caucuses a week ago had made a win in New Hampshire essential if he was not to see the support he has been building up for the past eight years begin to erode.

Mr Bush told supporters after his victory, quoting Mark Twain: "Rumours of my (political) death have been greatly exaggerated." He said his campaign would "rise again" in the southern states.

In the wake of the New Hampshire elections political analysts were predicting that the candidates in both parties would have to prepare themselves for protracted and grueling campaigns.

There was widespread speculation that neither party's nominees would be decided until the Democratic and Republican conventions in Atlanta in July and New Orleans in August.

After the opening tests on the campaign trail a solid front runner has yet to emerge in either party.

Different candidates have won each election and the winners appear to have benefited from regional associations which tend to raise doubts about the depth of their appeal nationally.

Several candidates are on the point of seeing their presidential hopes collapse. Former Senator Gary Hart and former Arizona Governor Bruce Babbitt are given no chance of making any impact.

Senator Paul Simon concedes that he needs a win in Minnesota next week if he is going to remain a contender. The Rev Jesse Jackson, the black former civil rights leader, is expected to run strongly in the south.

On the Republican side, former Governor Pierre Duport will now find it hard to stay in the race.

Next stage of the campaign, Page 4

BORN AGAIN IN NEW HAMPSHIRE

AS Vice-President George Bush chatted happily with well-wishers on television on Tuesday night after his victory in the New Hampshire Republican Presidential primary, he looked indeed like a man whose election campaign had been, as the archaic saying put it, "born again."

But Christian charity did not extend to the competition between Mr Bush and the man he had just defeated, Senator Robert Dole from Kansas, who was sharing the same television time. Asked what he had to say to Mr Dole, the Vice-President greeted his teeth and spoke conventional platitudes about a hard-fought campaign. The senator

eschewed niceties; he told Mr Bush, bluntly: "Stop lying about my record."

The reaction of both men demonstrates what was at stake in New Hampshire. Mr Bush's solid nine point victory really did constitute an escape from the jaws of disaster, which had been gaping wide after the Iowa caucuses a week earlier. Mr Dole, whose tongue sharpens when on the defensive, had cause to be disappointed because some of the polls had suggested he could win the second big event in the primary season.

The feud between the two Republicans, which goes back 20 years, promises to light up

television screens for months to come as the battle for the nomination becomes the grueling marathon many have predicted.

New Hampshire's traditional "first in the nation" primary has long been seen as a major hurdle for contenders. Unlike Iowa's caucuses, where only a narrow cross section of the electorate vote, well over one-third of New Hampshire's voters turn out for the primary, investing it with greater significance. No candidate who has lost in New Hampshire since the first primary in 1952 has gone on to win the White House.

The state also has a history Continued on Page 16

Ford workers set to end strike

BY CHARLES LEADBEATER, LABOUR STAFF, IN LONDON

MANUAL WORKERS at Ford seem set today to accept the revised two-year pay deal agreed at negotiations on Tuesday night, and to end the 10-day strike which has crippled the company's 21 UK plants.

Union officials said they were confident that the agreement, which was recommended by union leaders, would be supported by about 60-65 per cent of the 32,500 manual workers, making possible a return to work on Monday morning.

The agreement is worth at least 14 per cent over the two years and carries a guarantee that far-reaching changes to

working practices will not be imposed without union agreement. It was achieved after the company dropped its proposals for an agreement lasting three years.

The first clear test of whether the company's concession on the length of the agreement will affect negotiations elsewhere is likely to come during pay talks at the Post Office, due next month.

Union leaders at the Post Office said Mr Bill Cockburn, the managing director of the corporation's letters business had told them that he wanted a three-year agreement.

While union leaders indicated that they might be prepared to consider an agreement lasting three years, they said the outcome of the Ford dispute was likely to strengthen grass roots opposition to such a deal.

Ford union officials were confident that the revised agreement would be accepted, despite the decision of some shop stewards to recommend rejection at the company's main plants at Dagenham, east of London, Essex and Halewood, Unions in driving seat, Page 7; Editorial comment, Page 14 Continued on Page 16

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THATCHER
BLOWS COOL
ON EARLY
NUCLEAR
TALKS

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EUROPEAN NEWS

PREMIER GIVES PRIORITY TO CONVENTIONAL FORCES BALANCE AND CHEMICAL WEAPONS BAN

Thatcher blows cool on early N-arms talks

BY DAVID BUCHAN IN BRUSSELS

NATO HAS a "crying need" to negotiate a balance of conventional forces with the Warsaw Pact and a ban on chemical weapons before discussing any further reductions in nuclear weapons in Europe...

Speaking at a news conference between her address to alliance ambassadors and an afternoon visit to SHAPE military headquarters at Mons, she said a "denuclearized Europe would help the Soviet Union separate Europe from the US..."

She pointedly would not rule out reinforcing the number of US F-111 bombers in the UK or basing cruise-armed US submarines in Scotland. But she said Nato's programme to improve the range and accuracy of nuclear artillery and short-range Lance missiles could be enough to preserve the alliance's flexible response strategy...

W German Sunday work row hot up

BY DAVID GOODHART IN BONN

IBM in West Germany is coming under increasing pressure to head off the argument, notably in parts of the Bonn coalition, that the next stage in East-West arms control should include reductions of short-range nuclear weapons...

already alliped through this loophole and established working patterns among firms in countries, like Belgium and Holland, which have less severe Sunday working laws...

Oslo wins support on pay limit. NORWAY'S minority Labour Government, which is struggling to ease severe strains on the economy, has won the support of the Norwegian Federation of Trade Unions (LO) for limiting wage increases to a maximum of 5 per cent...

Embattled Gorla pleads for another confidence vote

BY JOHN WYLES IN MILAN

THE Italian Prime Minister, Mr Giovanni Gorla, yesterday asked Parliament for a vote of confidence in his beleaguered government and implied that the country could face an institutional crisis if it were withheld...

Since none of this internal bickering within Italy's largest party has yet been resolved, Mr Gorla still faces possible parliamentary ambushes in the remaining budget votes...



Alain Savary

Casualty of school war dies at 69

MR ALAIN SAVARY, the Socialist Education Minister, forced to resign four years ago after the public uproar over his proposals to reform the French private schools system, died yesterday aged 69.

But although he is best remembered in France for his role in the controversy which sent a million parents and students protesting into the streets in 1984, he was also a highly respected and leading figure in post-war French socialism and then as one of the architects of the modernisation of the French Socialist Party...

People's banker on trial

By Diana Smith in Lisbon

THOUSANDS OF Portuguese this week have been reminded forcefully of their gullibility by the start of the trial of Dona Branca Santos, to whom they are said to have eagerly entrusted no less than \$17.6m (\$72m).

EC growth unlikely to dent 'unacceptable' jobless rate

BY DAVID BUCHAN

ECONOMIC GROWTH in the European Community is likely to fall just short of 2 per cent this year, making no measurable dent in the EC's "unacceptable" jobless rate of 11.5 per cent, the European Commission predicted yesterday.

Europe should not wait for the US and Japan to join it in a co-ordinated strategy. Individual EC countries were far more open to, and dependent on, each other in trade terms than the Community collectively was to either the US or Japan...

European car sales leap by 12.5% in January

BY KEVIN DONE, MOTOR INDUSTRY CORRESPONDENT

EUROPEAN car sales surged in January with an increase of around 12.5 per cent to more than 1m vehicles, according to preliminary industry estimates.

Car registration figures for several European markets are still to be published, but manufacturers' estimates suggest that the booming car market in West Europe has continued strongly into 1988.

More Eurocrats in the offing

BY TIM DICKSON IN BRUSSELS

BUDDING EUROCRATS have received a boost from last weekend's triumphant European Community summit agreement, judging by figures announced here yesterday.

The doubling of the structural funds along with the co-financing provided by member states means that more than \$100bn will be available between now and 1993. We need good people to go to find the right projects...

Sick and fearful for his life, Licio Gelli comes back to Italy

BY JOHN WYLES IN MILAN

LICIO GELLI, once the centre of a covert and highly sinister network of politicians, businessmen, secret service agents and military officers, was yesterday extradited from Switzerland to Italy, much reduced in health and fearful that his enemies may try to silence him for ever.

Swiss authorities last September complained of a serious health condition which was possibly not unkind of the fact that, although he had been tried and sentenced in his absence to eight years jail in Italy for complicity in terrorist incidents, he had received an extradition limit the charges on which the authorities can try to bring him to justice.

The Nato alliance

In early editions of yesterday's Financial Times a report about the forthcoming Nato summit gave, because of a transmission error, the impression that President Charles de Gaulle took France out of the Nato alliance in 1966. In fact, General De Gaulle took France out of the Integrated Command of the alliance but not out of the alliance itself.

Austria's Jews demoralised by Waldheim's supporters

THE CONTROVERSY surrounding President Kurt Waldheim is no longer an issue about his wartime activities but whether Austria wants to become a modern, open and liberal country in the view of many of Vienna's small Jewish community.

Edgar Bronfmann, president of the World Jewish Congress, whether he "had not learned the lessons about what happened to his people."

defends intellectuals and liberals and tries to push this country into the open.

Judy Dempsey on a society which has still to come to terms with its illiberal past

THE Russian Jews. There they discuss any number of issues ranging from the problems in Israel's occupied territories to the media in Austria. The discussions are lively, and unlike Austrian politics, there's no such thing as consensus.

defends intellectuals and liberals and tries to push this country into the open.

Paul Betts

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THE Jewish community were reminded of this last week when Mr Karl Gruber, a former foreign minister and senior member within the OeVP, said that the international commission of historians which was set up to investigate the wartime activities of Mr Waldheim, "were anti-Waldheim."

There are any number of examples of these anti-semitic remarks which are uttered by members of the OeVP. However, the most blatant and persistent anti-semitism is to be found repeatedly in the Neue Kronen Zeitung, the mass circulation tabloid.

the younger generation of Jews a sharper sense of identity. We thought we were completely assimilated until recently, young Jewish intellectual said. "But the open anti-semitism has destroyed this myth. Not every Jew will agree with me on this, but if we cannot be assimilated here, we must decide where to stay here, and if we want to stay here, we should decide how to cope with the situation."

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Laos and Thailand agree to ceasefire

THAILAND and Laos agreed yesterday to a ceasefire in a bitter six-month conflict over border hills. Reuter reports from Bangkok.

General Sivasat Keobounphan, the Laotian Chief of Staff, and Gen Chavalit Yongchaiyudh, the Thai military commander, signed a four-point accord which set a ceasefire deadline of 0100 GMT tomorrow.

It called on Thai and Laotian government leaders to start negotiations within 15 days of the ceasefire to settle ownership of the disputed area.

The ceasefire was to be followed within 48 hours by withdrawals by both sides of their forces to more than a mile from the present battle lines.

Gen Sivasat told reporters he and Gen Chavalit had "promised not to fight again". He said the bloodshed would stop immediately.

There has been no fighting in the disputed area 240 miles north of Bangkok since Gen Sivasat arrived in Bangkok on Tuesday, according to Thai officers.

Unofficial reports say 700 Thai and Laotians have been killed fighting for control of the 27 miles of disputed, almost inaccessible hills. Western diplomats here said they were sceptical of the unofficial but widely reported casualty figures.

They did not account for losses among secretive Thai Ranger units taking much of the fight to well-protected Laotian troops, who had the tactical advantage of defending high ground.

Thai officers said the military leaders had also agreed to exchange prisoners.

Israeli soldiers open fire on protesting villagers

BY ANDREW WHITLEY IN JERUSALEM

ANOTHER PALESTINIAN was shot dead and at least three others seriously injured yesterday in the occupied West Bank village of Shuyukh near Hebron. The incident took place when troops opened fire on villagers who had barricaded themselves behind a low wall of stones.

The latest flare up in the West Bank came a day after a threatened "Day of Anger" in the occupied territories fizzled out with little violence reported.

The West Bank disturbances coincided with the Jordanian crossing of the old Allenby Bridge, of Mr Neil Kinnock, the British

Opposition Labour Party leader. Mr Kinnock lunched with West Bank trade union leaders in Nablus, before being briefed on the conditions of Palestinians living under occupation by a legal watchdog body in Ramallah. The Labour leader is due to spend today in the Gaza Strip, visiting refugee camps at the heart of the ten-week-long violence. He will also meet Mr Shimon Peres, the Foreign Minister, for talks expected to focus on next week's visit to the

region by Mr George Shultz, the US Secretary of State. Prime Minister Yitzhak Shamir, whose public opposition to several key aspects of the latest US plan is increasingly being seen here as central obstacle, returned to Israel last night from an official visit to Italy marked by frank exchanges with his hosts.

There were widely differing versions yesterday of how the trouble in Shuyukh village began. The army claimed that a patrol came under attack with stones when attempting to persuade the villagers to demolish their barricade, forcing them to open fire

with live ammunition. But locals said the real spark was the soldiers' attempt to arrest a group of young men from the nearby village of Sa'ir, accused of "incitement". Those being hunted fled to Shuyukh where they tried to hide in friends' homes.

Meanwhile, in an indication of how Israel's traditional friendships are coming under great strain because of the Palestinian uprising, the Norwegian ambassador in Tel Aviv was trying hard yesterday to soothe indignant Israeli government feelings. The diplomatic row between the two normally

close countries was prompted by a remark from Mr Torleif Anda, the ambassador, comparing disfavouredly the action of Israeli soldiers in the occupied Arab territories to those of Nazi Germany in occupied Norway during the second world war. Mr Anda said last night he had been misunderstood, and apologised for his remarks.

Organisers of a "ship of return" for Palestinian deportees said yesterday they were postponing indefinitely a trouble-plagued voyage to the Israeli port of Haifa, AP adds from Athens. The PLO organisers made

the announcement in a meeting with international delegations who had gathered in Athens to accompany the 130 Palestinian deportees on the planned peaceful mission.

Word of the cancellation came from many of those attending the meeting, including American delegate Mr Scott Kennedy, a representative of the US Resource Center for Non Violence.

The voyage, designed to focus international condemnation on the Israeli policy of deporting Palestinians, had initially been scheduled for Tuesday of last week.

An uneasy calm has fallen on the vulnerable state at the eye of the Gulf conflict, says Andrew Gowers

US support bolsters Kuwait's fragile confidence

A CAUTIOUS, wary calm has descended on Kuwait, that sensitive barometer of political sentiment at the eye of the Gulf storm.

Last autumn, the tiny, vulnerable emirate, was suffering a severe bout of the jitters in the face of repeated Iranian missile attacks and Iranian-inspired acts of sabotage. This has now given way to what could almost be described as a mood of complacency. For the first time in two years or more, the Gulf war - though still frozen in a gruesome stalemate less than 100 miles away - seems somehow remote.

In the first place, there has been a respite in missile attacks. The last Silex missile to be fired at Kuwait landed in the sea in early December after being deflected from its target - the newly-reopened Sea Island oil terminal - by an American-built reflector barge.

In addition, a long-threatened land offensive by Iran against Iraq has failed to materialise. Although this is the traditional time of year for such operations, and despite a flood of the usual bellicose rhetoric from Tehran, action on the

all-important southern front has been virtually non-existent in the past few weeks.

Fierce fighting has instead been largely confined to northern Iraq, where Iraq backs a Kurdish rebellion. The contrast with this time last year, when the Iraqis alarmed Arab backers of Iraq by coming close to a breakthrough at Basra, Iraq's second city, could hardly be greater.

This pause may, of course, be purely tactical. Iran is well aware that the five permanent members of the United Nations Security Council are currently working on an arms embargo against it to enforce their Gulf war ceasefire resolution, and will not want to do anything which might focus their minds more clearly.

Iran has also been making more conciliatory noises towards the Arab side of the Gulf, and has been prodded by its ally Syria into promising a "dialogue" with the United Arab Emirates on behalf of all six Gulf Co-operation Council states, since the December GCC summit in Riyadh. A new outbreak of fighting in the south would scarcely vouch for Iranian good intentions.



Kuwait sees these contacts as a useful short-term shield against renewed Iranian harassment - though officials make no effort to disguise their scepticism that the mediation will yield any concrete results. "We see the Syrians go back and forth, but we have no information as to how much they have achieved," said Mr Saud al-Osaimy, Minister of State for Foreign Affairs. Yet Western diplomats

believe there are other solid reasons for Iran's reticence. They report signs that the Iraqis have had grave difficulties in mobilising sufficient forces for a major assault.

The Tehran leadership has, for instance, extended the duration and applicability of conscription in recent weeks, calling up university students and civil servants.

Nor will it have escaped Tehran's notice that Iraq has substantially improved its defences in the past year. As a result, diplomats in Kuwait predict that if there is an offensive, it is more likely to take the form of repeated, limited probes rather than an all-out push.

Some observers are even beginning to speculate that a de-escalation of the land war is at hand. There has also been something of a lull within Kuwait. Last year saw a series of sabotage attempts in the emirate, several of which were carried out apparently at Iran's behest by local Shia Muslims. Yet the number of these were a pair of relatively modest bombings in the autumn.

But perhaps the most important factor in Kuwait's fragile

new-found confidence is the psychological and material support it has had from foreign friends in the past nine months - from Egypt and Britain, for example, but especially from the US. The so-called "flagging" exercise, under which 11 Kuwaiti oil tankers have been registered in the US and are now regularly escorted by American warships through the Gulf, has become a significant success for Kuwait and the US.

What is more, the Kuwaitis - who were almost certainly disturbed at the outset by the size of the US military build-up in the region and by the Iranian reaction to it - are no longer shy of voicing their approval. American convoys - which started so inauspiciously, when the reflagged tanker Bridgeton hit a mine last July - have now become a routine matter.

Although another US-flagged tanker, the Sea Isle City, was damaged by a Silex missile in Kuwaiti territorial waters last October, and Iran continues to attack neutral and unescorted ships in the southern Gulf, there has not been a single raid on a Kuwaiti tanker since re-registration began.

Quietly, through its mine-clearing and helicopter surveillance activities, the US Navy has succeeded in neutralising the waters of the northern Gulf - to the point where Washington has this week felt able to make a significant reduction in its naval fleet by withdrawing the battleship USS Iowa and two escorts.

Witnesses report deaths at Soweto rent protest

WITNESSES said three people were killed yesterday when about 1,000 blacks gathered to protest against rent evictions in the black township of Soweto, AP reports from Johannesburg.

Police eventually fired tear gas and used whips to disperse the crowd in the sprawling township outside Johannesburg, police and witnesses said.

However, police spokesman Capt. R.A. Crews said he had no reports of shootings or injuries at the protest outside a municipal office. There was no additional information available on the three people who reportedly were shot.

Soweto municipal authorities, backed by the police and the army, carried out evictions during the past two days at the expense of people participating in a two-year old rent boycott. Soweto's Housing Director Ms Estelle Bester said 28 families were targeted for eviction yesterday.

Police removed furniture from homes and placed locks on the doors. However, as in past evictions, residents re-entered their homes through back doors and windows, witnesses said.

Some 80 per cent of Soweto's estimated 2.5m residents have been participating in a rent boycott that began in 1986 to protest a host of political and economic grievances. Town clerk Mr Nkomo said last Monday that residents owe R200m (\$100m) in back rent.

Mr Malan also said that 75 per cent of Soweto's registered tenants paid their January rent, a dramatic increase over previous months. However, anti-apartheid leaders have said in recent weeks that the boycott remains strong and that most people continue to withhold rent payments. In other developments, Minister of Law and Order Adrian Vlok has agreed to pay R88,500 to a lawyer detained for six days in 1986 under the state of emergency regulations.

Dhaka opposition urges revenge

A MAIN Bangladeshi opposition leader called yesterday for "bloody revenge" for dissidents killed by security forces during a three-month-long anti-government campaign. Reuter reports from Dhaka.

"It's time we go for bloody revenge of the killings," said Awami League leader Sheikh Hasina at a rally in Dhaka. "We

must retaliate death for death," she said. Officials say at least 60 have died and 2,000 injured in clashes between police and activists in 24 days of strikes during the opposition campaign which began in November 1986. At least 152 others were killed in violence during rural council elections last week, according to official figures.

Sri Lanka call for talks

SRI LANKA's former prime minister, Mrs Sirimavo Bandaranaike, yesterday asked all parties to discuss how to cope with what she called "this sinister threat to orderly civil society and politics" in the wake of her son-in-law's assassination. Mrs Sirimavo's reports from Colombo.

The murdered man, Mr Vijaya Kumaratunge, was the prospective presidential candidate of a newly formed united left front and a star of the Sinhalese cinema. In an obvious reference to the proscribed JVP, the extremist Sinhalese-Buddhist party accused by the murdered man last week of his killing, Mrs Bandaranaike said that all parties could freely participate in these talks.

The small dish. An opportunity too big to miss.

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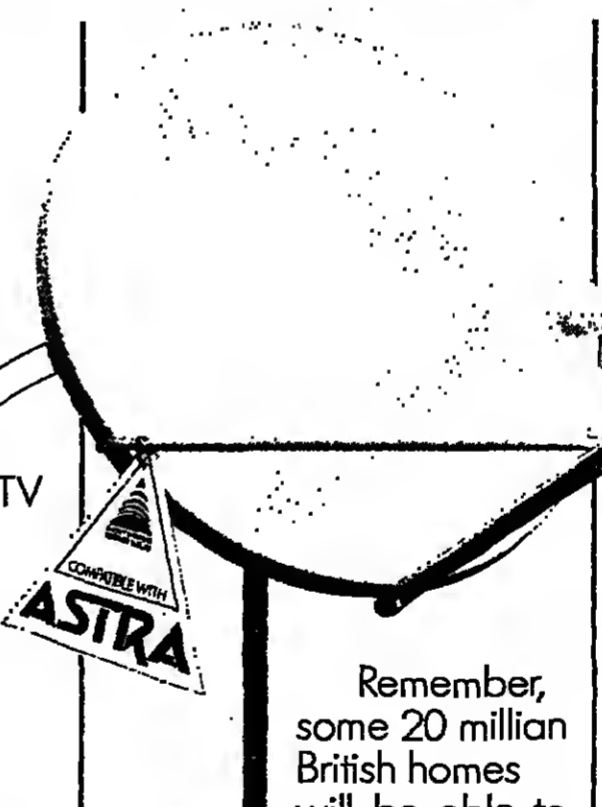
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Far further information and details of regional seminars please write to: ASTRA, D2/D3, London House, 26-40 Kensington High Street, London W8 4PF.



Chinese population control to be tougher

By Robert Thomson in Peking

COMMUNIST PARTY cadres are to receive bonuses or suffer penalties, according to how strictly they enforce population control regulations under a new "responsibility" system designed to curb a surge in China's birth rate.

A senior family planning official said yesterday that population control would become an important part of a cadre assessment system because of the "ineffective implementation" of the planning programme, and "slackness and reluctance to intervene" that has contributed to a sharp rise in "unplanned births".

About 22m children were born in China last year, up from 18m in 1985 and 21m last year, and the increase has made it unlikely that the Government will achieve its goal of keeping the population to 1.2bn at the turn of the century. With a population of over 1.07bn at the end of last year, the figure in the year 2000 is almost certain to be around 1.3bn.

Liang Jimin, the director of the State Family Planning Commission's general office, denied allegations that women are forced to have abortions, but admitted that cadres "persuade" them to do so if the child is "unplanned" - the "persuasion policy" is likely to be implemented more rigorously by cadres afraid that they will be demoted for allowing too many births in their village.

Chinese officials admit that peasants, whose wealth has increased under economic reform, are now more willing to pay the financial penalties imposed if they have more than the allowed one or two children. That trend, combined with an increase in the number of women reaching their "fertile peak", contributed to the rise in births.

The crude birth rate and natural growth rate will reach a peak this year, Liang said. Policies to discourage late marriage have also faltered, and the most fertile age group for women has shifted from the 25 to 29 age group to the 20-24 age group. An increase in births outside marriage is another reason why cadres are under extra pressure to enforce family planning regulations.

Lagos security chiefs face murder charges

By Victor Mallat in Lagos

THE Nigerian authorities have charged two of their senior security officers with murdering Mr Dele Giwa, a leading journalist, who was killed by a parcel bomb at his Lagos home in 1986.

Col Ibrahim Akilu, director of military intelligence, and Lt Col A.K. Tugun, deputy director of state security services, were charged in Lagos High Court with murder and conspiracy to murder.

Mr Giwa was the outspoken chief executive of Newswatch magazine. He was questioned by the security services shortly before his death.

At least seven witnesses, including Mr Giwa's wife and some of his colleagues, are expected to be called by the prosecution. So far neither of the accused has been suspended from his post. The Government was forced to launch a state prosecution by Mr Giwa's lawyer, Mr Gawe Fawehinmi, who fought a lengthy court battle and threatened to bring a private prosecution if the state failed to act.

SHANGRI-LA INTERNATIONAL IN BANGKOK WHERE ELSE BUT THE SHANGRI-LA Executive Accommodation Plan: High Season (Oct-Apr) - from £72 per room Low Season (May-Sept) - from £57 per room Shangri-La hotel

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AMERICAN NEWS

Stewart Fleming charts the next stage of the campaign for the White House and, below, assesses George Bush's prospects

Focus set to shift on to the issues

EVEN Americans with strong partisan loyalties seem unable to make up their mind what sort of man they want to lead their country.

Reflecting perhaps a combination of the uncertain mood across the country and the perceived weaknesses of the various candidates, the first hurdles on the trail to the Republican and Democratic Presidential nominations have been cleared but the results have been indecisive.

Neither last week's Iowa party caucuses nor Tuesday night's primaries in New Hampshire have produced a clear front-runner in either party. Even the ranks of the likely also-rans have been thinned less than at one time seemed possible.

Now the focus of attention will shift to Super Tuesday on March 8, diverting briefly for some "minor" events including the caucuses in Minnesota and the South Dakota primary next week and the South Carolina primary on March 5. But the second Tuesday of next month - featuring primary and caucus elections in 20 states, including



14 in the south - will pose a different challenge to the candidates of both parties than those which they will have hitherto faced up to that point. "Minor" is in one sense an inadequate description of the contests between now and March 8. It is fair in that the number of convention delegates at stake over the next three weeks pales in comparison with the nearly 30 per cent at stake in each party on Super Tuesday. But for some candidates the intervening weeks will be crucial.

Senator Paul Simon, whose third place finish in the Democratic race in New Hampshire has left his candidacy poised inelegantly between obscurity and viability, badly needs a victory if he is to continue his under-funded campaign and Minnesota may be his last best chance.

The south looks like thin pickings for a northern liberal Democrat in a field which will contain not only Mr Simon's two big rivals in New Hampshire, Governor Michael Dukakis of Massachusetts who won here, and Congressman Richard Gephardt of Missouri who came second, but also two others with some presumed southern clout.

The Rev Jesse Jackson will be a powerful factor in those southern states with large black communities. Senator Albert Gore of the border state of Tennessee is also relying heavily on a strong showing and has been building a \$2m war chest to prove that his decision to sit out Iowa (and in practice New Hampshire) was the mistake his critics maintain.

On the Republican side, too, the weeks before March 8 are not insignificant. Mr Dole, second to Vice-President Bush, cannot afford to lose in states such as South Dakota, where he is heavily favoured; Congressman Jack Kemp, who managed an encouraging third place finish in New Hampshire to lead the band of conservative ideologues, is, like Senator Simon, another candidate whose financial resources are so stretched that only a couple of strong performances can keep him in the race.

Money is going to matter much more in the lead up to Super Tuesday, with so many states at issue. Most candidates were able to muster sufficient funds to fight Iowa and New Hampshire, if they chose. But campaigns in big states like Florida and Texas, not to mention important medium-sized ones such as Massachusetts, North Carolina, Virginia and Washington, all voting on March 8, require reserves of a different order.

already caused the financial well to dry up, even though only Gen Alexander Haig has actually withdrawn. It has made it highly unlikely that Mr Kemp and Mr Pierre Dupont, the former governor of Delaware, can offer anything more than token resistance to Vice-President Bush, Senator Dole and Mr Robertson.

By the same token, Mr Dole needed his Iowa win and his reasonable second place finish in New Hampshire to keep the money flowing and stay in contention as a national candidate. Mr Bush, always better financed, has resources to keep him going for some time, barring disastrous results, while Mr Robertson's faithful army can survive on shorter commons. But, for nobody does media advertising come cheap.

On the Democratic side Iowa and New Hampshire have in all but name put paid to former Senator Gary Hart's candidacy and that of former Arizona Governor Bruce Babbitt, though both could, and Mr Hart might, continue to wage a guerrilla campaign.



Successful Democrat Michael Dukakis and his wife Kitty in New Hampshire.

Best placed financially on the Democratic side is Mr Dukakis. His win in New Hampshire will be denigrated by his rivals as a victory for a regional candidate. It is also said, though rarely publicly, that his ethnic Greek origins will not help him in the south.

But Mr Dukakis has been preparing well for a national election. Alone among the Democrats, he seems to have bridged the so-called "stature gap", which suggested that the Republicans had more imposing and experienced political leaders.

But even if the campaign so far has been indecisive, it has also passed a certain stage. Until now, the candidates have concentrated more on projecting images than in addressing issues. As the campaign moves ahead, it should begin to generate not only heat but heat-light, as they are forced to focus on the issues which divide them.

Slide in US house starts

BY NANCY DUNNIE IN WASHINGTON

US HOUSING starts slid 1.9 per cent in January, to their lowest level since December 1982, according to the US Commerce Department.

The Commerce Department said new homes in either party were being built at a seasonally adjusted annual rate of 1.38m units last month.

The level, down 24 per cent from January 1987, surprised economists who expected a modest rebound in construction activity. Housing starts fell by 15.5 per cent in December.

In another report released yesterday, the Federal Reserve Board estimated that industrial production in January rose a seasonally adjusted 0.2 per cent. The increase, an indication of slowing economic activity, follows revised rises of 0.4 per cent in December and January.

Production of business equipment and cars slowed during January, while output of consumer goods and materials rose. There had been hopes that there would be a rise in housing starts in January. However, this did not materialise and the prospects for a rebound in the near future seem poor. Building activity, particularly in housing, fell 8.2 per cent in January.

Changes in the tax code, contained in the 1986 tax reform legislation, have been particularly damaging to housing construction. Last year new housing construction was the lowest since the last recession.

The pace of home building is significant because it implies a future slowing of sales of appliances and other durable goods.

The Commerce Department said the December merchandise trade deficit totalled \$10.64bn when freight and insurance costs are removed from import totals.

The December figure compares with an \$11.68bn deficit in November, measured on the same "free alongside ship" basis.

Last week the department announced a December trade deficit of \$12.2bn, including freight and insurance import costs, down from \$13.22bn in November.

The Commerce Department routinely issues figures excluding insurance and freight about two working days after release of the official trade report. However, the \$12.2bn deficit remains the official December figure.

US to hold talks to avoid Iraqi air attacks

By Our Middle East Staff

A US military delegation is to travel to Baghdad this week to discuss how to avoid accidental Iraqi air attacks on American warships and merchant vessels in the Gulf.

The Pentagon was alarmed last week when an Iraqi Badger bomber flew within eight miles of an American-escorted tanker convoy and reportedly fired at least one missile harmlessly into the sea.

Last year, an Iraqi jet fired an Exocet sea-skimming missile at a US frigate in the Gulf, killing 37 American sailors.

Iraq said the attack was an accident, and the US accepted the explanation.

The US mission to Baghdad follows a Pentagon announcement on Tuesday of a slight reduction in US military forces protecting Kuwaiti oil tankers and other US-flag ships from attack in the Iran-Iraq war.

It is understood to be the first real reduction of the US fleet in the war zone between Iraq and Iran.

The long-awaited change of US policy of protecting the freedom of navigation in the region.

The withdrawal of the battleship Iowa and two escort vessels - one destroyer and one cruiser - in the region will be accompanied by a helicopter carrier and its team of mine-hunting helicopters will head home later this month.

Authoritarian solutions are lying in wait, Tim Coone reports Argentina federalism under stress

THE IMMINENT financial collapse of a bank is not an edifying sight.

Agitated customers wave withdrawal slips and unopened bank tickets, telephones are left unanswered by harassed secretaries, and embarrassed officials scurry past throngs of strident journalists demanding information.

These were all part of the scene of barely-controlled panic outside the president's office of the Banco de la Provincia de Tucuman last week.

The latest provincial banking crisis, in Argentina's smallest but most densely populated province, is symbolic of the economic problems in Argentina.

The effort to give a large measure of political and economic autonomy to the country's 22 provinces has been severely restrained by the nation's limited resources and an overall economic policy decided in Buenos Aires and co-ordinated with the IMF.

The Banco de la Provincia de Tucuman, a financial pillar of Argentina's sugar industry and the provincial government of Tucuman, is in the red. But whereas on other occasions the Central Bank or the Treasury has thrown a financial lifeline to hard-pressed provincial banks, this one is being left to its own devices.

It is understood that redemptions requested from the Central Bank have been refused just at the time that Mr Jose Luis Machuca, the Central Bank president, has run into difficulties in Washington with the IMF over budgetary targets for 1988.

The financing of the provinces is a perennial grouse of the IMF in its standby loan talks with Argentina. The release of almost \$1.2bn in loans from the IMF, now being held by the World Bank, now hinges on IMF approval of the



Pampa provinces. Regional specialisation has made the economic fortunes of the provinces subject to vicissitudes of climate and the international market place, not to mention the economic policies determined in Buenos Aires. The latter have often been designed to transfer resources from the agricultural sector to industry, usually at the expense of the provinces.

The problem is that a financial crisis facing one sector such as the sugar industry affects not only the producers, but also the provincial bank through uncollectable loans to the local government through reduced taxes, and eventually the entire province.

In recent years several local governments, through their provincial banks, have taken to issuing local treasury letters as a means of raising finance, and even printing their own money, euphemistically called "debt-cancellation bonds."

Tucuman's problem is that it is now short of cash to redeem the letters and bonds as they come to maturity. The Central Bank is going to Tucuman for assistance. Mr Fernando Cortes, the Minister of Economy for Tucuman, said that he has requested redemptions from the Central Bank of Argentina (BCRA) to meet local bonds and treasury letters, and pay local government employee wages for last month. He came away empty-handed. "Balance your books first," was the reply.

How this will be done is unclear. Over 60 per cent of the local economy depends upon the sugar industry, which is in crisis. The provincial bank already has on its books Aus\$78m in defaulted loans to sugar producers.

A local government fiscal deficit running at Aus\$40m per month is shortly to be halved

by slapping a local sales tax of 5 per cent on all goods and by cutting labour costs. But the province already has a unemployment rate of 15 per cent, according to Mr Cortes. Shedding some of the 56,000 public employees would accentuate the social and political problems of the province.

Last September's elections saw the re-emergence of Gen Antonio Bussi, a former military governor of the province and one of 50 former military leaders still to face trial on human rights abuses. He obtained almost 20 per cent of the vote for governor at the head of the Bandera Blanca party, though after a disputed electoral college vote, a Peronist eventually won.

"It is a result of frustration," said Mr Isaias Nogues, son of the now deceased founder of Bandera Blanca. The failure of either the Peronists or Radicals to reverse economic stagnation, "has enabled authoritarian figures like Bussi to gain ground," he said.

Mr Jorge Bonges, a Tucuman lawyer specialising in constitutional affairs, said that "most of the provincial representatives, when they go to the Congress in Buenos Aires, follow party lines which are set and dominated by politicians from the capital. This has weakened the federal voice."

The implication is clear enough. Authoritarian models of government are still lying in wait to be dusted off and used as an answer to Argentina's problems if the democratic ones fail to produce tangible results. They would receive support from a significant portion of the population. It is an uncomfortable thought as the government prepares to unleash yet another wave of austerity on the nation and the provinces as the quid pro quo for a package of IMF support.

El Salvador guerrillas launch broad offensive

LEFTWING Guerrillas launched a new offensive across El Salvador, including an attack on a key eastern garrison, as Central American foreign ministers gathered in the capital yesterday to discuss progress on a regional peace plan, Renter reports from San Salvador.

The guerrilla's Radio Venceremos said they had inflicted "numerous casualties" on the army in an assault on the 6th Brigade barracks in Usulután, a city of about 60,000 people 90km east of San Salvador.

A military official reached by telephone said the Farabundo Martí National Liberation Front (FMLN) guerrillas had besieged the barracks for several hours overnight with mortar fire.

He said five soldiers were killed in the barracks and two more were killed in fighting on the outskirts of the town.

A local radio station, YSU, quoted military sources as saying 40 civilians were wounded in the attack. It said a helicopter gunship had rocketed guerrilla positions in the city but it was not clear if this had caused the casualties.

The radio also said a policeman was killed in an attack on a cotton co-operative and oil factory near Usulután. Warehouses were damaged and a nearby bridge was blown up.

Parts of four eastern provinces were left without electricity because of sabotage attacks on power lines, electrical company officials said.

Radio Venceremos said 25 government soldiers were killed or wounded in fighting elsewhere in the country.

A National Guardsman in San Jose Guayabal, 30km north of the capital, said that rebels had attacked the guard blockhouse and cut power lines. He said that there had been no casualties.

Western diplomats said it also appeared timed to focus attention on the FMLN struggle as the foreign ministers of El Salvador, Nicaragua, Guatemala, Honduras and Costa Rica met here to discuss progress in the regional peace plan signed by the five presidents last August.

It was their first meeting since the US Congress voted against President Ronald Reagan's request for renewed aid to the Nicaraguan Contra rebels.

Washington to hold talks over Falklands

THE US is trying to stem rising tension in the South Atlantic over Britain's proposed military manoeuvres around the disputed Falkland Islands, diplomatic sources said yesterday, Renter reports from Buenos Aires.

They said a surprise visit to Argentina by Mr Robert Gelbard, Under-Secretary of State for Latin American Affairs, indicated US concern about the tension over the archipelago for which Argentina and Britain fought a war in 1982.

Mr Gelbard flew into Buenos Aires on Tuesday night and in private yesterday met President Raul Alfonsin, Mr Dante Caputo, Foreign Minister, and Mr Theodore Gildred, US Ambassador to Argentina.

Britain said it will hold military exercises around the Falklands next month, partly to practise quick reinforcement of the archipelago.

Argentina claims historic rights over the Falklands, which it calls the Malvinas, and has recently sought talks with the UK over the islands' future.

Dockers step up strike action

DOCKERS in Argentina stepped up strike action this week in a wage dispute with the National Port Administration (AGP), disrupting port operations and causing serious congestion on wharves and in warehouses, Tim Coone reports.

According to AGP, the problem is most serious in Buenos Aires, where the building of unspatched merchandise is threatening to close the port and bring operations to a halt.

By not cashing the senior officers and stripping them of their rank - a more serious punishment than forced retirement coming weeks.

The measure reflects mounting confusion as to whether the rebels should be tried by civilian or military courts.

Uncertainty has been compounded by written testimony from President Raul Alfonsin to a civilian judge investigating the rebellion, that some of the rebels intended to assassinate both himself and the head of the Air Force, Brigadier Ernesto Crespo.

Purge of army rebels gathers pace

By OUR BUENOS AIRES CORRESPONDENT

THE much-awaited purge of rebellious officers in the Argentine army gathered pace yesterday with the announcement that five lieutenant-colonels, two majors and a captain, are to be forcibly retired and two other captains cashiered for their involvement in last month's mutiny.

The ruling came from the Army Promotions Board, and is expected to be ratified by General Dante Cardil, army chief of staff, when he returns from holiday next month. The board is expected to make rulings on 61 other officers in the

the military courts will still be able to have jurisdiction over them, to try them on charges of mutiny, which is the wish of the government.

If the civilian courts were to try the rebels, they would face the more serious charge of rebellion under a law passed in 1984, and which in effect amounts to a charge of sedition against the state.

The government wants the military rather than civilian courts to impose harsh penalties on the rebels, as a means of showing to the public at large that the army is capable of

clearing itself up and to avoid further antagonism between the civilian justice system and the armed forces.

President Alfonsin has introduced an element of contradiction into the debate by testifying that some of the rebels were intent on an assassination attempt, taking the affair beyond the realms of mere mutiny and hence beyond jurisdiction of the military courts.

According to army figures, a total of 144 officers and 235 non-commissioned officers face charges for last month's rebellion.

the others side are told they cannot have legal ownership, because they are in a forestry reserve.

Mr Viteri admits the difficulties of lobbying for a share in oil income, while preserving the Indian way of life. "We need funds but they don't do us any good unless we have solid plans, and use them in ways to strengthen our culture."

Ecuador has no government body devoted to the Indian - partly because the Indians themselves are well organised and have opposed the creation of such a state institution.

The Amazon area produces about 300,000 barrels a day of oil for Ecuador - normally this represents over half of export income, though last year's earthquake and low prices cut national development cannot wait for a few Indians - heard in all the Amazon countries - is familiar to the Shuar, the Quichua and other indigenous groups. The argument is not that development should stop, but that Indians have special needs to discuss and contributions to make.

IRAN AIR advertisement featuring a map of flight routes and text: "As an international business traveller your demands are understandably high. Comfortable, frequent and reliable flights are all essential ingredients for your success. IRAN AIR provides an international flight network offering frequent services from all major European cities to destinations in the Middle East and Asia. Professional in-flight and ground services ensure you arrive relaxed and refreshed ready for that all-important business meeting. Your comfort and well being are our primary concerns and are reflected in our superb cuisine and our dedicated, friendly staff. With 25 years experience and 5 million satisfied passengers each year, IRAN AIR understands your needs and knows the routes to success."

Sarita Kendall reports on the sometimes violent local reaction to the arrival of oil companies Prospectors and Indians draw battle lines

THE OIL business is flourishing in Ecuador's Amazon region. The screech of chainsaws announces new roads, camps and pumping stations in the jungle. Exploratory wells being drilled this year by foreign companies. Neither the prospect of a change of government - almost certain to bring a leftward shift in economic policy - nor the growing exasperation of Amazon Indian groups seems likely to slow the pace.

But the Indians are determined to be heard, and the next government may find it has to pay more attention to their demands.

The sparing of two Catholic missionaries last year was a tragic example of the conflicts underlying oil exploitation: fellow mission workers now believe that their death was caused by Bishop Alejandro Labaca being pressured into contacting the little-known Tagari Indian group too quickly.

Since then, a protected area of 40,000ha has been drawn inside the exploration bloc held by Braspetro-Elf-Britoil. Whether the Tagari are actually in this area is a moot point: tracing some 50 nomadic Indians through a thick forest canopy presents problems. Assuming an appropriate legal formula can be found, the Braspetro consortium will be allocated another 40,000ha elsewhere.

However the Tagari are not likely to be left alone, and other more westernised Indian groups have taken up their cause. Few of Ecuador's 80,000 or so Amazon Indians are still truly nomadic. Most live in settled communities and have frequent contact with traders, missionaries, the military and peasant colonisers from the highlands and the coast.

As the roads penetrate the forest and colonisers flood in, Indian groups often move further into the jungle - or they may stick it out and do battle for land ownership papers.

"The land should be legalised first, before the oil companies come in," said Mr Edison Viteri, vice president of the Amazon Indian Confederation, Confenia. "Many Indian communities have been fighting for years to get their papers. Our attitude is

hardening now, and we need to discuss the oil problem for the whole region."

Exploration contracts signed over the past three years are just beginning to show results. This year should see the development of BP's Payamino field where not only did BP strike first time, but the 30m barrel structure lies near one of the main production centres at Sacha.

Payamino extends over BP's border into a bloc held by the Ecuadorian state oil company, Cepe which will probably build the 35km pipeline to Sacha.

Both Indian and colonisers' villages are scattered through the BP area. "We have helped local communities by flattening land for them, and we gave some sewing machines to a women's group," said Mr Brian Williams, BP's manager in Quito, the capital of Ecuador.

Land values have soared as a result of new access roads, while settlers near the exploration well now being drilled are hoping for a discovery, so the road will be continued.

Although the Indians often benefit from oil roads, and

many of them work for exploration and construction companies, their habitat is being destroyed. Forced into farming methods which they realise are unsuited for the angle they too cut down the trees and try to obtain credit with which to buy cattle. Land allocations made by the Agrarian Reform Institute do not allow for the traditional agricultural mix.

From the point of view of the oil companies, none of this is their responsibility. "The onus is on the Government - they're supposed to see that programmes are cleared with other ministries, but it's all ad hoc," said one foreign manager.

If there is one point of agreement between the companies and the Indians, it is the lack of co-ordination in the area.

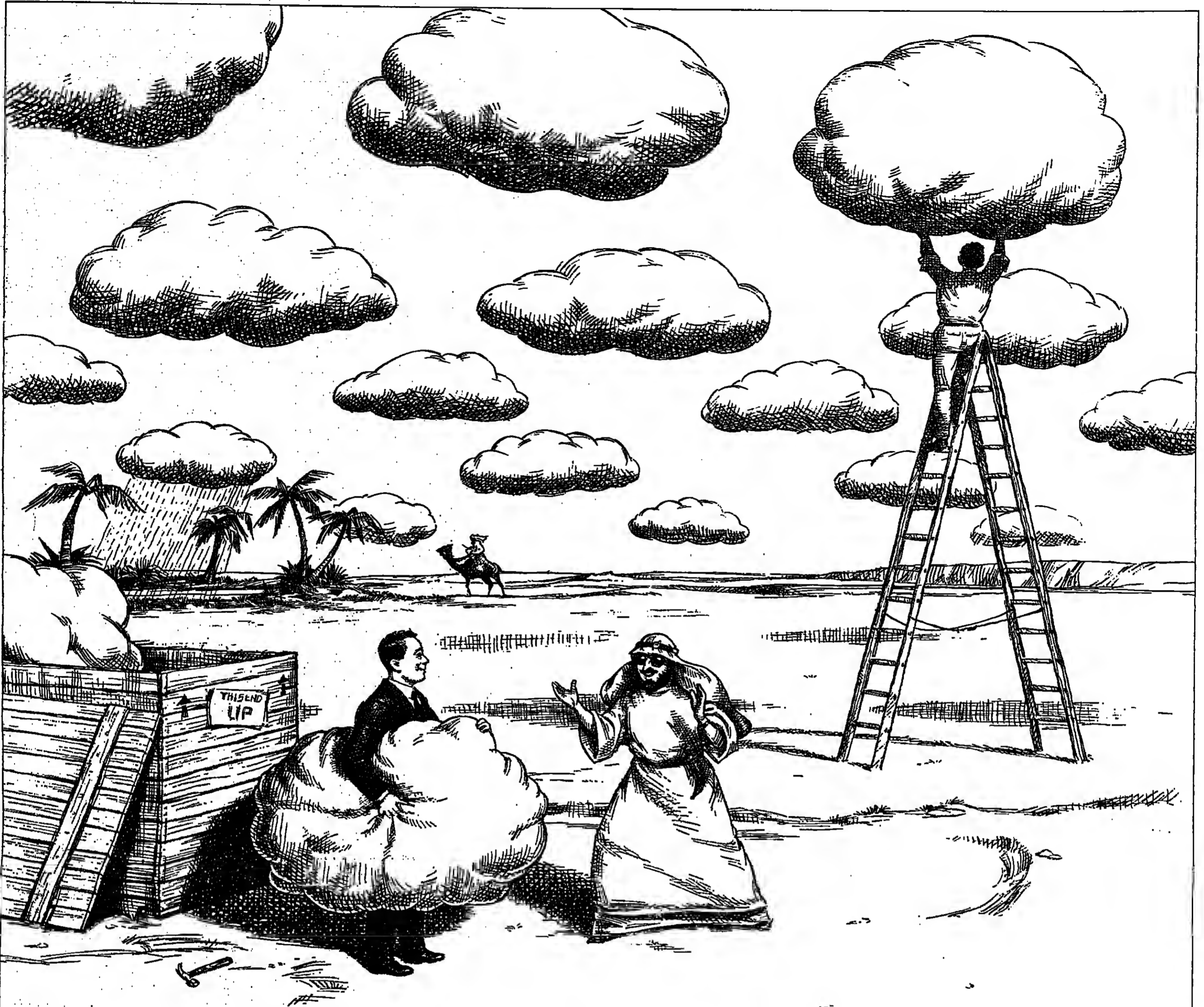
For example, a forestry reserve is drawn on one map, a road from Coca to Curaray on another, the road is driven slap through the reserve, and pumping stations built along it. Colonisers on one side of the road have their land measured up for title deeds, Indians on

the others side are told they cannot have legal ownership, because they are in a forestry reserve.

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ECGD

Self-censorship of the press

By A.H. Hermann, Legal Correspondent

WALKING down a busy Prague thoroughfare, Mr Bondy, a leading Czech banker, noticed in the crowd ahead of him the familiar silhouette of Miss T, whom he hoped soon to marry. While trying to catch up with her, he contemplated her graceful form with great pleasure. However, Miss T, whose father had recently fitted their house with central heating run on one of the new atomic generators - which as a by-product released the "absolute", making people saintly and clairvoyant - turned suddenly and said: "Fie, Mr Bondy, are you not ashamed of such naughty thoughts?" To which Mr Bondy, deeply saddened, replied to the effect that their engagement was off, as without secret thoughts no marriage was possible. One is reminded of this profound wisdom, attributed to Mr Bondy by Karel Capek in his novel, Factory for the Absolute, by a recent dictum from Sir John Donaldson, Master of the Rolls, the chief judge of the civil appeal court. He said that without an enforceable right in the maintenance of confidence "life would be intolerable in personal and commercial terms..." Such a right can arise not only out of contract, but also as a necessary or traditional attribute of a relationship. "The Crown...has an enforceable right to the maintenance of confidentiality arising out of the very nature of such information and the consequences of its disclosure, without regard to any contract binding the confidant...or to the Official Secrets Act." The courts must have power to deal with publication which threatens national security. I am quoting, of course, from the Court of Appeal judgment last week, which unanimously confirmed Mr Justice Scott's refusal to grant a permanent injunction prohibiting reporting and comment on Mr Peter Wright's book, Spycatcher. At the same time, by a majority, it reversed his prohibition of serialisation of the book by UK newspapers. Inquiries As Vice Chancellor Wood once said, Lord Justice Bingham now endorsed one cannot be made the confidant of a crime or of a fraud. But a mere allegation of crime or fraud does not oust the duty of confidence. When the Spycatcher case came first before the Court of Appeal (in its interlocutory stage), the Master of the Rolls said that to excuse the breach of confidentiality, allegations must be proved and the burden of proof would lie upon the newspapers. Lord Justice Bingham pointed out that such a proof might be very difficult and often impossible, as a public interest immunity would deny the newspapers the inspection of documents and the calling of witnesses. The Master of the Rolls has now amended what he said earlier. What he meant to say was that the greater importance of the confidentiality about to be breached, the more serious the allegations are likely to be. He no longer speaks of proof but of the need of "independent corroboration and, in a national security context, considering what opportunity the government has had of investigating the allegations, what investigations have taken place and the result (if known), the extent to which the Opposition is aware of the allegations...and the extent to which the ordinary process of the executive is operating and may be relied upon to safeguard public interest." Such self-censorship, I would say, is a tall order, and the performance of it is likely to depend greatly on the political bias of the editor involved. Then there is the question what "iniquity" is in this context. Lord Denning said: "The members of the (Secret) Service are in the eye of the law, ordinary citizens with no powers greater than anyone else... They cannot enter premises without the consent of the householder, even if they may suspect a spy is there." Sir John does not agree entirely and sees a need for some discretion and common sense. To check on information that a spy may be operating from particular premises, a secret search of these may be the sensible thing to do. If this is really "wrongdoing" it may be a very proper exercise in discretion on the part of the responsible authorities not to prosecute, much in the same way as fire engines and ambulances are not prosecuted for crossing red traffic lights and driving on the wrong side of the road to bypass a traffic jam. However, though such "burglaries" may be tolerated, there are other things which cannot, such as physical restraint, lenience or physical restraint. It may be that parliament should regularise the position of the Service, said Sir John, or maybe the public interest is better served by leaving the members of the Service liable to prosecution for any breach of the law, on the assumption that in appropriate cases, prosecuting authorities will refrain from prosecution or the Attorney General will stop it. "However that problem is resolved," concluded Sir John, "it is absurd to contend that any breach of the law, whatever its character, will constitute such 'wrongdoing' as to deprive the Services of the secrecy without which it cannot possibly operate." Future publication While all three Appeal judges agreed that reporting and comments on Spycatcher should be allowed, the Master of the Rolls and Lord Justice Dillon said that serialisation of Spycatcher amounted to stepping into Mr Wright's shoes by means of contract and copyright licence, and that the Sunday Times was wrong to start serialisation ahead of the US publication of the book. As to future serialisation, they were divided. The Master of the Rolls would uphold prohibition of the serialisation, but Lord Justice Dillon agreed with Lord Justice Bingham that serialisation should be allowed. As Lord Justice Bingham said, it would be "anomalous if a citizen of this country could read reports and reviews of the book... and could buy it in a bookshop... but could not read a serialised extract of the book in a newspaper." In his view, the denial of profit to Mr Wright cannot outweigh the overwhelming weight of press freedom. To which I would only add that to allow access to information to the book-reading public and to deny it to the majority of the electorate which, rightly or wrongly, relies on what it learns from the media, may be fitting in Plato's elitist Republic but not in the UK in 1988.

UK group wins £50m train order

By Richard Tomkins, Midlands Correspondent

METRO-CAMMELL, the Birmingham-based railway rolling stock company, which is owned by the Laird group, has won a contract to supply 150m of trains to the Kowloon Canton Railway in Hong Kong. The order is for up to 15 six-car electric multiple units which will be used on the 34 km line connecting Hong Kong with China. Metro-Cammell said it had fought tough Japanese competition to win it. The trains are needed to meet rapidly rising passenger volumes on the newly electrified line. Delivery will begin in 1990. Metro-Cammell has supplied all the Kowloon Canton Railway's passenger trains, consisting of 86 three-car sets, since the railway was modernised in 1979. It has also supplied the trains for Hong Kong's Mass Rapid Transit Corporation. The company said the train industry worldwide was oversubscribed with capacity, and core markets were constantly under threat.

EC probes dumping of Korean TVs and Japanese copiers

BY TIM DICKSON IN BRUSSELS

THE European Commission yesterday announced investigations into complaints that the Japanese photocopying industry and Korean manufacturers of colour television sets have been unfairly dumping their products on the European market. The Japanese photocopyer inquiry is the third to be conducted under a European Community law passed last June allowing anti-dumping duties to be extended to imported components used in sub-assembly, or "screwdriver" plants in the EC. The other two concerned electronic typewriters and scales.

According to Cecom, the industry group which represents major European photocopying manufacturers like Olivetti, Rank Xerox (UK) and Oce of the Netherlands, Japanese companies have got round a 20 per cent duty imposed on their machines last year by bringing in components "originating from Japan" for "screwdriver" plants in the UK, West Germany and France. The companies named in the complaint are Canon, Konishiroku Photo Industry, Matsushita Electric, Minolta Camera, Ricoh, Sharp and Toshiba. The Korean case, meanwhile, is a further sign of the Community's determination to keep up pressure on the Seoul Government following the controversial decision in December to withdraw the duty free access for Korean goods allowed under the Generalised System of Preferences (GSP). The complaint against the makers of small screen colour TV sets alleges that their prices have at times been as much as 38 per cent below those charged by Community producers and that the Korean share of the market has increased from 0.3 per cent in 1983 to an estimated 16 per cent last year.

UK to back Indonesia refinery

BY JOHN MURRAY BROWN IN JAKARTA

INDONESIA is to build a sixth major oil refinery with UK backing, Mr Abdul Rahman Ramly, head of Pertamina, the state oil company, told parliament yesterday. The facility, worth \$700m (\$388m), refines 100,000 barrels a day, most of it for export. The project, first discussed when Mrs Thatcher visited Jakarta in 1985, would be partly financed by British aid, Mr Ramly said. British Petroleum is understood to be involved in a British-Indonesian consortium being assembled to finance the plant on a non-recourse basis, where the lenders recover costs from refinery revenues. Foster Wheeler of the US and Mitsui and Mitsubishi of Japan are also said to be involved. The UK aid does not normally give aid for oil projects. However BP is understood to be pressing for government backing. The issue is likely to be discussed when Mr Cecil Parkinson, UK Energy Minister, heads a large UK oil industry delegation to Jakarta in June. Pertamina said a feasibility study had been completed and construction would begin soon. Indonesia has five major refineries and total refining capacity of 900,000 barrels a day. But current capacity is 675,000 b/d. Plans for a sixth refinery to be sited at Plaju in South Sumatra were re-phased in 1983. The refinery is expected to have a profound effect on Singapore, the region's main refining centre, industry officials said. Most Indonesian-refined products are sold to the domestic market but much of the new refinery's output would be sold to Japan. The latest move into downstream activities is seen as a way of increasing Indonesia's oil revenues and maintaining market share, without breaking Opec ranks.

US to act on Korean cigarette barriers

THE US has begun investigating South Korea's import restrictions on cigarettes and has warned that the curbs could lead to retaliation, AP-DJ reports from Washington. US tobacco companies have asked Mr Clayton Yeutter, the US Trade Representative, to act under the 1974 Trade Act to press the Koreans to increase imports of US cigarettes. Mr Yeutter said US cigarette makers were losing \$500m a year in exports to South Korea because of unfair trade barriers.

Dassault in US avionics pact

BY PAUL BETTS IN PARIS

AN OFFSHOOT of the French aircraft group, Dassault-Breguet, has signed a technology transfer agreement with Westinghouse of the US to develop avionics systems for fighter aircraft. The agreement, which must be approved by the Pentagon, is the second important link between French and US companies in the sensitive field of defence technology. Thomson-CSF, the state-controlled French defence and electronics group, has negotiated a technology transfer deal with Texas Instruments involving radar components. But this deal, like the Electronic Serge Dassault-Westinghouse agreement, hinges on US and French government approval. Both agreements are closely connected to France's ambitious new generation combat aircraft programme, Rafale. Electronic Serge Dassault and Thomson are competing for the radar system for the new French fighter aircraft programme and hope that their US technology swaps will improve their chances. The choice of the radar for the Rafale is expected to be made next September. The two deals reflect a major evolution in US policy on the transfer of sensitive defence technology to Western allies. Indeed, both Washington and Paris appear increasingly keen to develop co-operation in the defence technology field. The French and US governments are negotiating a memorandum of understanding to enable the technology exchange agreements to go ahead. But despite the increasing openness of Washington towards technology swaps with its European allies, French officials fear the agreements could collapse if the US insists on unacceptable export restrictions for the French.

ICI to build £16m drug plant near Milan

BY JOHN WYLES IN MILAN

ICI, UK chemical group, yesterday announced its biggest pharmaceutical investment in Italy and the largest it will make anywhere in Europe this year. The company plans to build a £16m plant outside Milan to manufacture its new anaesthetic, Diprivan, for almost all world markets. Senior executives said the plant heralds a big sales drive to raise the company's 0.5 per cent share of the pharmaceuticals market. The new factory is seen as a means to earning a certificate of good citizenship as a result of which it is hoped that the Italian government and medical profession will be receptive to new products which ICI plans to place on the Italian market. ICI will build its plant at Caponago, Milan, where its Italian subsidiary, ICI-Pharma, already has a manufacturing presence. When it comes fully on stream after 1990, the company hopes to be producing 50m phials of Diprivan, earning an annual turnover of £100m (£70m). About another 60 jobs will be added to the company's 100-strong manufacturing payroll. Mr Michael O'Brien, a general manager of ICI Pharmaceuticals, said yesterday that Italy was the world's fifth biggest market for pharmaceutical products and offered the right business and political climate "for an investment like this." Innovation and the development of new products was encouraged in Italy, and alongside construction of the new plant the British company was looking to increase significantly its presence in the Italian market. ICI-Pharma's sales last year were £50m, or 5 per cent of the British company's worldwide pharmaceutical sales. Mr O'Brien said that the investment was large by pharmaceutical standards and was equivalent to about 15 per cent of ICI Pharmaceuticals' total planned investments this year. The company has high hopes for Diprivan which has taken 15 years to develop and was finally launched in 1986. ICI claims that the anaesthetic is ideal for short and medium-length operations and reduces the recovery time because it does not cause any of the usual post-anaesthesia side effects of nausea and vomiting. It has been cleared for marketing in 11 countries and should be available in 50 by 1990.

French and US in clash on Gatt date

BY PETER MONTAGNON, WORLD TRADE EDITOR

THE General Agreement on Tariffs and Trade (GATT) faces a difficult decision today over the timing of the mid-term ministerial review of the Uruguay Round of multilateral trade negotiations expected to take place around the end of the year. The seemingly simple matter of scheduling has become controversial because it will coincide with the changeover in the US Administration following November's presidential elections. France has been holding out for a postponement until well into 1989 after the inauguration of the new president and the Reagan Administration is anxious for an earlier review producing evidence of progress in the round before its term of office expires. Mr Alan Clark, UK Trade Minister, said that with the cooperation still open, it was possible the Gatt might be unable to agree on a date for the review at the meeting this afternoon of its Trade Negotiating Committee. A final decision might have to be postponed. A consensus on the content of the review would in any case probably not emerge before the informal meeting of trade ministers now scheduled for Constantine, West Germany, on March 18. Whether the review should be a mere stock-taking as proposed by France or an "early harvest" incorporating concrete agreement on some of the Uruguay Round issues. Britain believed the review should yield some concrete results, Mr Clark said. "An insubstantial mid-term review would do very little for the prestige of the Gatt or for the impetus that is going to be needed in the second half (of the negotiations). "It's not the case that there are no subjects where it's not perfectly possible to get agreements and to nail them up," he said. His remark contrasts with the French belief that rushing into partial agreement on individual subjects could jeopardise the entire Uruguay Round negotiating process. Trade diplomats say that by the time of the review, expected to take place in Montreal, negotiations on some subjects like the treatment of tropical products and improving Gatt dispute settlement procedures should be far enough advanced for concrete results to be announced.

When it comes fully on stream after 1990, the company hopes to be producing 50m phials of Diprivan, earning an annual turnover of £100m (£70m). About another 60 jobs will be added to the company's 100-strong manufacturing payroll. Mr Michael O'Brien, a general manager of ICI Pharmaceuticals, said yesterday that Italy was the world's fifth biggest market for pharmaceutical products and offered the right business and political climate "for an investment like this." Innovation and the development of new products was encouraged in Italy, and alongside construction of the new plant the British company was looking to increase significantly its presence in the Italian market. ICI-Pharma's sales last year were £50m, or 5 per cent of the British company's worldwide pharmaceutical sales. Mr O'Brien said that the investment was large by pharmaceutical standards and was equivalent to about 15 per cent of ICI Pharmaceuticals' total planned investments this year. The company has high hopes for Diprivan which has taken 15 years to develop and was finally launched in 1986. ICI claims that the anaesthetic is ideal for short and medium-length operations and reduces the recovery time because it does not cause any of the usual post-anaesthesia side effects of nausea and vomiting. It has been cleared for marketing in 11 countries and should be available in 50 by 1990.

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Alan Clark controversy still open

Sydney port logjam spurs reform call

BY CHRIS SHERWELL IN SYDNEY

CARGO clogging Sydney's ports has reinforced calls for reform of restrictive work practices in Australia's industrially troubled docks and shipping industry. Labour disputes have led to the closure of terminals and a consequent backlog which the opposition Liberal Party puts at nine weeks. But there was also a sharp increase in imports in December and January and the closure of some wharves because of last month's bicentennial celebrations. Several thousand containers are said to be held up. Mr Fred Chaney, an opposition senator, alleged in parliament yesterday that the depots were "in chaos," and claimed that bribery was being used to get cargo moving. The problem has clearly lent urgency to reviews of port problems being undertaken by the Government as part of its wider strategy of micro-economic reform and structural adjustment. Many business and trading groups are leading the campaign for change. The Australian Small Business Association says thousands of small importers and manufacturers suffer constant financial stress because of cash tied up in goods lying around the ports. The critics also include the National Farmers Federation, which has complained at the excessive cost of moving grain, and the Australian Petroleum Exploration Association, which has attacked high port and stevedoring charges as part of its wider criticism of coastal shipping. The problems stem both from poor management by port authorities and private terminal operators, and from tough demands by powerful unions like the Waterside Workers Federation. The sometimes cosy relationship in the ports has resulted in the overstaffing and restrictive practices which have pushed up handling charges and generally damaged the efficiency of Australian port operations. Sydney's Published accounts say overtime is typically worked only on the expensive basis of "one in, all in," while sick leave, often regarded as an entitlement, is covered only through overtime. Tea breaks are said to be taken by all port workers simultaneously. Reports late last year said the government would soon launch a national waterfront strategy to overcome the obstacle of shore-based shipping costs to an improved trading performance. It is still awaited.

South African Airways to buy Airbuses

By Michael Donne in London

SOUTH AFRICAN Airways is buying up to seven of the new twin-engined A-320 Airbuses - two on firm order and five on option - worth in all more than \$250m. They will replace Boeing 737 twin-engined jets on that airline's domestic and regional routes within Southern Africa. The airline has been an Airbus customer since 1976, when it first took delivery of the larger A-300 Airbus. Each A-320 with South African Airways will seat 145 passengers. Airbus Industrie said that its test programme for the A-320 is on schedule, with certification due around the end of February or early March.

EUTELSAT advertisement featuring a satellite in orbit and a map of Europe. Text includes: 'EUTELSAT: THE PROFESSIONAL EUROPEAN ORGANIZATION PROVIDING TELEVISION AND OTHER SATELLITE SERVICES ALL OVER EUROPE'. Contact information: EUTELSAT - TOUR MAINE-MONTPARNAISSE - 33, AVENUE DU MAINE - 75755 PARIS CEDEX 15 - FRANCE. TEL: 33 (0) 45 28 47 47. TELEFAX: 203 823 EUSAT - FACSIMILE: 33 (0) 45 38 37 08.

Minister warns City firms on authorisation

BY PETER RIDDELL, POLITICAL EDITOR

INVESTMENT businesses and advisers were last night warned to apply for official authorisation to comply with the Financial Services Act investor protection legislation by the end of next week, or run the "very serious risk of having to close down in April."

After April 1 companies offering investment advice or services will need official authorisation either from the Securities and Investments Board, the umbrella regulatory body, or from particular self-regulatory organisations operating under the SIB.

The Government's warning came from Lord Young, the Trade and Industry Secretary, who said he was concerned at reports of the number of firms which have so far failed to apply. He noted that after April it would be a crime, with the penalty of imprisonment or a fine, to carry on businesses without authorisation.

Nevertheless, the Government last night expressed confidence in the ability of the City of London's regulatory bodies to cope with the flood of nearly 10,000 applications.

Faced with growing concern among affected organisations and at Westminster, the Department of Trade and Industry today begins a newspaper publicity campaign emphasising the need to apply for authorisation before February 27.

In a series of parliamentary written answers last night, Mr Francis Maude, the Corporate Affairs Minister, revealed that about 9,800 applications for authorisation had been approved or were in course of consideration on February 12.

There has been mounting concern in the City about whether these applications can be processed before April 1, when key features of the Financial Services Act come into force.

Political pressure rose yesterday when Mr Tony Blair, Labour's City spokesman, wrote to Mr Maude calling for urgent action to avoid chaos and to safeguard the public.

Mr Maude said that when functions were transferred to the SIB last May the Government had been satisfied its available staff and resources sufficed for the time and he believed that still applied. He also backed the SIB's judgment on the adequacy of the self-regulatory organisations' resources.

However, there has been concern about the provision that businesses submitting applications before February 27 which have not been processed by April 1 will receive interim authorisation.

Mr Blair said there would be many firms operating with ostensible authority after April which had not been adequately checked at all, and members of the public might be under the mistaken belief that they were dealing with firms which met the requirements of the act, rather than having merely filed an application.

He urged that extra staff be drafted to cut the backlog, with consideration being given to ensuring that the words "interim authorisation" were suitably qualified, to provide an adequate explanation of a firm's real status.

Electricity price 'should be falling, not rising'

BY MAX WILKINSON, RESOURCES EDITOR

MR CECIL PARKINSON, the Energy Secretary, got his economics wrong when he forced through a 15 per cent rise in electricity prices over two years, says an independent report commissioned by the Confederation of British Industry.

The report by Mr Dieter Helm of the London Business School and Professor Colin Mayer of the City University Business School suggests that electricity prices should even be falling.

In the report, to be released later this week, they say that electricity prices should reflect the fact that the industry has more power stations than it needs and is likely to have low fuel costs for some time.

Expansion promised for satellite services

By Terry Dodsworth

THE BRITISH Government is to introduce further competition in satellite communications with measures aimed at encouraging a range of special services to specific user groups.

Lord Young, Secretary for Trade and Industry, said yesterday that he would be licensing up to six additional operators to run the proposed services, which could be introduced sometime later this year.

He emphasised, however, that the Government had decided against any moves that would challenge the present duopoly enjoyed by British Telecom and Mercury over the basic telephone network.

The duopoly arrangements would come up for review in 1990 in line with the Government's original intentions, he said. Until then, it was important to allow Mercury to develop to provide effective competition to BT.

The proposed new services will differ from those offered by BT and Mercury in several ways. Transmissions will be only in one direction, so that users who receive messages will not be able to respond directly.

In addition, the signals will go out only to specially identified customers, using appropriate reception dishes tuned to the allocated wavelengths. All the services will be licensed for the UK only.

Lord Young said that the Government had been under pressure to liberalise the UK's satellite services, particularly since he himself was known as an exponent of deregulation.

He expected many new uses of satellites to emerge, such as the provision of information to a chain of betting shops from a central transmission station.

There was some disappointment last night, however, that the Government's proposals had not gone further. British Aerospace, for example, said that to compete with American companies in the world market it needed a similar legal framework enabling it both to construct satellites and operate two-way telecommunications services.

Pan American Satellite, a US company trying to break into the UK market, said it would be studying the proposals.

The deal has implications for forthcoming wage talks, writes Charles Leadbeater

Ford unions in the driving seat

Private Land Rover strike poll

LAND ROVER, the vehicle maker facing a pay strike from Sunday, said yesterday it had commissioned a private poll of workers to see what proportion favoured industrial action, writes Richard Tomkins.

The unusual move reflects rising concern among employers about unorganised strike ballots.

Land Rover's survey was conducted by Manl, the opinion research group, on Tuesday. The poll of 300 of the 6,000 Land Rover manual workers was said to

have found 45 per cent in favour of striking and 44 per cent opposed.

In last week's union ballot, 66 per cent voted to reject the company's final pay offer. Land Rover said yesterday of the contrast between the two outcomes: "This gives us a much clearer picture of the views of the workforce."

The company's move prompted an angry reaction from the workers, several hundred of whom walked out for 30 minutes yesterday morning in protest.

officials, the situation at Ford could be replicated in manufacturing companies where profits are up and fundamental restructuring has come to an end.

Workers are fully conscious that more flexible working practices, introduced in the early 1980s, have improved productivity. In a tightening labour market, they feel they are in a position to demand higher rewards.

This frustration will be reflected in pre-strike ballots, but companies may have increasing difficulty interpreting the outcome of ballots. Are workers really voting for action or just to strengthen the hands of their negotiators?

and conditions under which the company introduces change.

First, the unions have shown they can mount a solid strike which can very quickly disrupt the company's integrated, rationalised production system in Britain and on the Continent.

Second, they have won a commitment that working practice changes will not be imposed without local agreement. This means the company will have to increase union involvement in local negotiation about changes, rather than approaching workers directly.

Third, in the recent negotiations, the unions' claim was put to one side almost immediately after it was submitted. In the next negotiations, in 18 months time, the unions may be in a position to set some of the agenda, possibly by concentrating on the target of a shorter working week.

However, it must be remembered that these are indicators of union success only because the unions have accommodated earlier "defeats". Two-year agreements are still a relatively recent innovation and the company will get most of its working practice changes.

Companies considering three-year agreements will be much edgier. The first test of this will come at the Post Office next month, where managers have said they want a three-year agreement in the letters business.

The 7 per cent a year pay award confirms an upward trend in settlements since late last year. Combined with a two-year offer at Vauxhall worth 14 per cent, and the possibility of industrial action at Land Rover and Renault trucks, companies may decide 7 per cent is the price of avoiding disruption.

According to senior union

officials, the situation at Ford could be replicated in manufacturing companies where profits are up and fundamental restructuring has come to an end.

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Warburg winds up investment partnership

WARBURG Securities and CL-Alexanders Laing and Cruickshank, owned by the French bank Credit Lyonnais, announced the winding up of their investment trust partnership, whose 12 analysts and salesmen are being recruited by Warburg.

The two firms set up the partnership when the enforced distinction between stockbroker and market-maker was abolished in the Stock Exchange's Big Bang reforms in October 1986.

Plastics venture

General Electric, the diversified US company, one of the world's highest makers of high-value engineering plastics, announced a venture in partnership with KBD, a UK design company, to accelerate use of new plastics materials in the automotive and engineering industries.

Jobs for Ulster

A total of 150 jobs are to be created in two areas of serious unemployment in Northern Ireland over the next two years, 100 in a multi-million pound shop and office development at Strahane in Co Londonderry and 50 in a meat processing company in County Antrim.

Dumping fears

Britain's textile industry is to submit evidence to the department of trade and industry to support its claim that a flood of cheap Turkish acrylic yarns is being dumped in the UK which could damage investment in the industry.

Parcel post

The Post Office is launching a premium parcel service called SuperService, guaranteeing 48-hour delivery for large business customers.

Tourists' favourites

The British Museum was London's top tourist attraction last year with 3.7m visitors, according to the London Tourist Board, followed by the National Gallery, the Science Museum, and the Natural History Museum. Madame Tussaud's, kept its market leadership as the most popular paid-for attraction.

Building societies face conversion hurdle

BY DAVID BARCHARD

BUILDING societies planning to convert themselves into public companies could face huge bills for capital gains tax and stamp duty unless there are changes in the law.

Individual societies' total tax liabilities could exceed a single year's profits.

The Building Societies Association has raised its concerns with the Treasury and Inland Revenue and is awaiting a response.

"We are reasonably hopeful that the Inland Revenue will agree to some changes as the present situation

means that the cost of conversion would be too great," the association said yesterday.

The Inland Revenue is understood to have told the societies it has considered the issue and put it to ministers.

Building societies have mutual status, which bars them from seeking equity capital and means they are subject to restrictions on their activities imposed by the Building Societies Act 1986. This act gave them the option of converting to public limited companies.

Such a move is being con-

templated by several leading societies. If they proceed they would cease to exist as mutual bodies and be succeeded by limited companies, with assets, including premises and goodwill, transferred from the old legal entity to the new one.

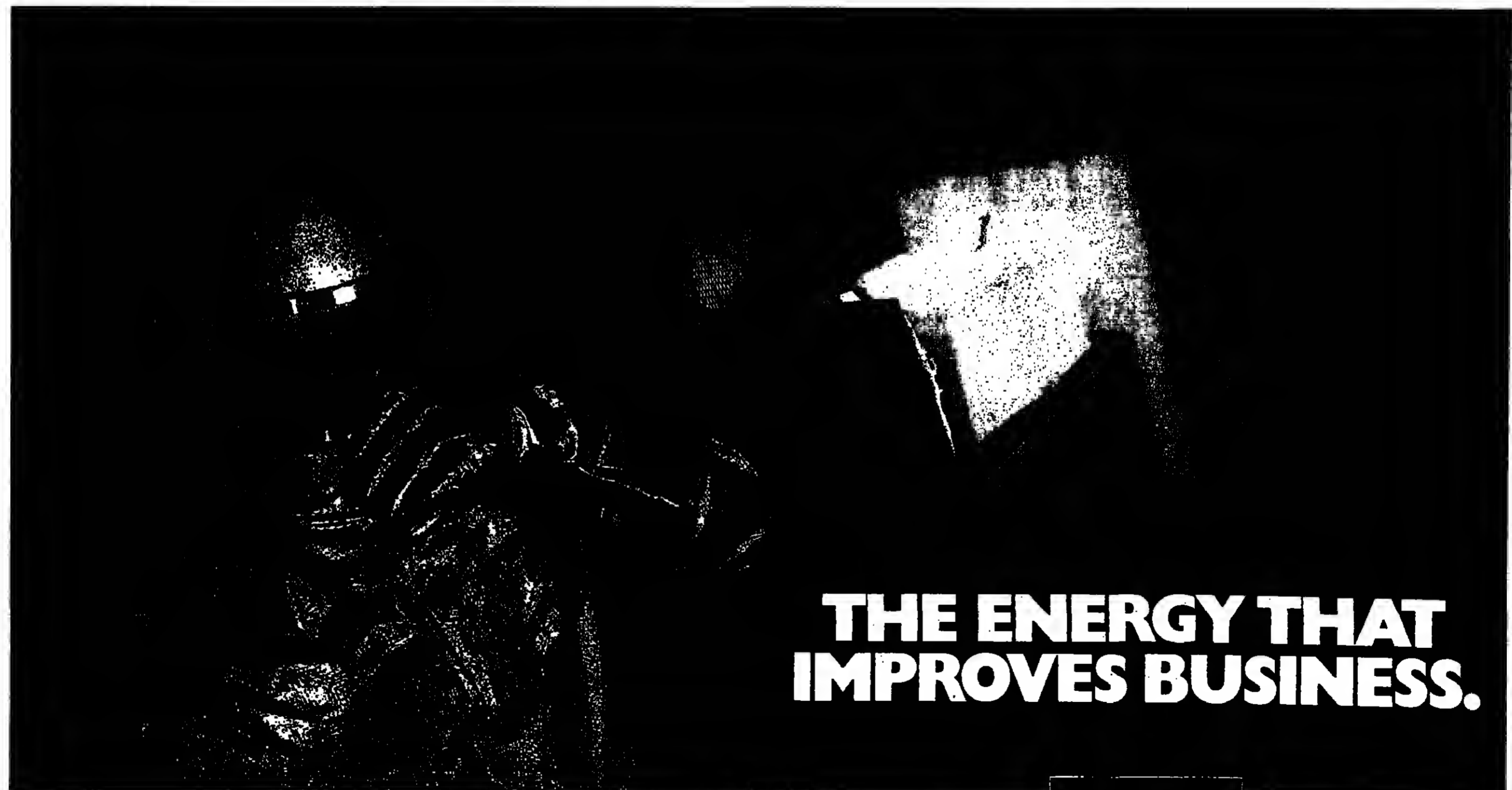
As the law stands, the new companies would be liable to capital gains tax of 35 per cent on the indexed gain in the market value of their business premises and goodwill. They would probably also have to pay stamp duty of 1 per cent as well as capital duty on the issue of

new shares for the company.

One City of London accountant said yesterday that the Halifax, one of the biggest societies with gross assets of around £5bn, would probably face a tax bill of around £360m if it converted.

The problem would be the definition of the societies' tax liabilities for their goodwill as business concerns. One way of defining goodwill might be to assess it as their earnings over several years.

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UK NEWS

Britain states fears on draft broadcast treaties

BY RAYMOND SNODDY

THE BRITISH Government has serious reservations about attempts by both the European Community and the Council of Europe to create international agreements on the regulation of broadcasting.

Mr Douglas Hurd, the Home Secretary, said yesterday at the Financial Times Cable and Satellite Conference in London, that his Government would try to amend both their proposals for a European convention, setting out minimum standards for European broadcasting and the EC draft directive on trans-frontier television.



Douglas Hurd

The Government has, in the past, supported moves towards a Council of Europe convention but has been critical of the EC draft directive as being too bureaucratic and restrictive.

Yesterday Mr Hurd attacked Council of Europe proposals for new restrictions on television advertising and sponsorship and said they would be "harmful to the commercial television companies and to the new media."

Some countries wanted to ban commercial breaks in any programme lasting for less than 45 minutes. There was also pressure for a complete ban on the advertising of tobacco products and some wanted to extend this ban to the advertising of alcoholic drinks.

"To limit the extent to which programmes could be interrupted would undoubtedly have serious implications for the presentation and scheduling of broadcast advertising in this country," Mr Hurd said.

The British Government would make its views clear at a meeting, in Vienna, of European broadcasting ministers in April.

Mr Hurd said the Government accepted the aim of the EC draft directive to eliminate barriers to the sale of television programmes throughout the Community.

The Government also believed that measures for the protection of children raised important issues of EC competence and was opposed to forcing anyone to give up a programme copyright against their will.

Progress with the directive depends essentially on the willingness of the Commission to respond to arguments put forward by member states who face problems with the present text," Mr Hurd said.

The Government was still looking at the possibility of penalising British advertisers who supported "obscene or offensive services."

Government to 'extend choice'

BY RAYMOND SNODDY

MR DOUGLAS Hurd, the Home Secretary, told the FT Cable and Satellite Conference that the Government intended to create a new framework for broadcasting in the UK to increase consumer choice without jeopardising programme standards or quality.

A regulatory structure is being drawn up to allow the broadcasting industry to develop without unnecessary interference.

"It does not follow that every form of broadcasting should be allowed the moment it becomes technically feasible," Mr Hurd said. "But our instinct in front of those decisions is to enlarge choice; that is the whole point of the exercise."

Earlier Lord Thomson, chairman of the Independent Broadcasting Authority, said the authority had showed it could handle change. "I believe that we can develop our positive regulation to address the major changes that lie ahead," he said.

Mr Michael Checkland, director general of the BBC, said a fifth television channel for the UK by 1992 was "this year's best buy" and whether financed by advertising or subscription it appeared an attractive business proposition.

Such a channel would offer the use of tried technology, quickly available to the majority of the population with a transmitter system costing a fraction of that for satellite or cable.

Mr Richard Dunn, managing director of Thames Television, warned the Government that if it fired all the potential "canons of competition" at once British broadcasting would be devastated. "If the Government wants more choice, access for independent producers, high quality, efficiency, competition and diversity, it can have them all but not in equal measure nor all at once," he said.

Southern Britain sets pace in national prosperity

By Philip Stephens, Economics Correspondent

THE growing disparity in wealth and job prospects between the affluent South of England and the UK's more depressed regions during this decade was underscored yesterday by a new batch of official studies.

The studies published by the Central Statistical Office and the Department of Employment, show that on almost any measure of economic performance, the so-called North-South divide has widened during the 1980s.

People in the South have produced more, earned more, spent more and been offered better job opportunities than their counterparts in northern England and in Scotland, Wales and Northern Ireland.

That broad picture, however, does hide some pockets of great affluence in the more depressed regions of the country, and areas of relative poverty in the richer regions.

The general shift in wealth towards the South since the present Government came to power in 1979, is reflected in sharply different patterns of growth of consumer spending.

According to the CSO, spending per head in the South East was, on average, 18 per cent higher than the national average in 1979. By 1986 that figure had jumped to 20 per cent.

The South West of England, which has experienced a sharp rise in its relative prosperity since the past decade, saw a smaller, but still significant rise in its spending.

Mirroring these improvements were falls in relative spending in regions such as Yorkshire and Humberside and the East Midlands, and in Wales, Scotland and Northern Ireland. In the North of England, for example, per capita spending was 84 per cent of the average in 1979 but only 89 per cent in 1986.

The CSO's analysis of output, or gross domestic product, in the regions presents a similar picture, although the shifts are generally smaller.

Output per head in the South East was 15 per cent above the UK average in 1979 and 16 per cent higher in 1984, the latest year for which detailed figures are available. East Anglia saw its per capita output rise from 96 per cent to 101 per cent of the average.

The decline of traditional industries in Yorkshire and Humberside in the North-East, already under way before 1979, pushed its relative output per person down from 93 per cent to 91 per cent over the same period.

Within that overall trend, however, there are some surprising variations in individual counties. Greater London is by far the richest in terms of output per head (45 per cent above the average in 1984), but it is followed by the oil-rich Granpian region of Scotland (28 per cent above average).

At the other end of the scale, output in counties such as Mid-Glamorgan and East Sussex and in Wales, Durham and North East England was less than four-fifths of the average.

The sharp differences in employment opportunities between the regions were underlined by the Department of Employment's analysis of its 1987 Labour Force Survey.

The survey shows that nearly half of the 1.4m new jobs created in Britain in the four years to June 1987 were in the South East. That reflects, in part, the much larger existing labour force in the region in 1983. Nonetheless, the South-East, East Anglia and the South West also saw a disproportionate rise in percentage terms - between 8 and 18 per cent against a national average of 6 per cent.

Meanwhile, the number of jobs in Wales, Scotland and Northern Ireland was almost unchanged.

ICI patents plastic paper for storage of optical information

BY DAVID FISHLICK, SCIENCE EDITOR

A NEW way of storing optical information, called digital paper, has been invented and patented by ICI, the company said in London yesterday.

The substance is an inexpensive plastic film with many of the characteristics of paper, developed by ICI Electronics. The company said that by the end of the year it will have invested about £100m in research and manufacturing capacity since 1983 to create its new division specialising in electronics.

ICI Electronics said digital paper was expected to open substantial new markets as cheap optical data storage medium.

Company executives said ICI aimed to sell digital paper as a branded product and not as raw material to makers of such data storage products as tapes and discs.

Mr Michael Strelitz, marketing manager, said the company wanted to encourage would-be users to start thinking about the opportunities opened by its digital paper, while the material was still in pilot-scale production.

Mr Strelitz likened alternative data storage media to clay tablets and slates when compared with the new medium.

He said it would store optical information for less than one-third of a penny per million bytes, and would have a life of at least 15 years.

Mr Peter Ashdown, marketing director, said ICI Electronics was looking for what he called polygamist relationships to help open a market for digital paper.

It is collaborating with a small Canadian company called Greo specialising in optical drives to develop terabyte storage systems for computers - systems with the capacity to store 1,000 bn bytes of data.

One prospective application is the storage of information gathered by earth satellites. The US National Aeronautics and Space Administration says the earth will be receiving 2.5 terabytes (million megabytes) of data each day from satellites in the 1990s.

Last month ICI Electronics and a US company, Omega, announced a joint venture to develop digital paper in cartridge form.

Executives yesterday forecast that many new uses for digital paper would be disclosed later this year. But they expect competition for this kind of material, probably from other large chemical groups, they said.

Scotland's economy 'to grow at UK rate'

BY JAMES BUXTON, SCOTTISH CORRESPONDENT

GROWTH this year in the Scottish economy is expected to be closer to that of the UK as a whole than it has been in the past two years, the Government believes.

It expects that output from high-technology industries will continue to grow and that some traditional industries will also do better.

The Government's assessment of Scotland's economic prospects is contained in the latest Scottish Economic Bulletin prepared by the Scottish Office, part of the UK Government.

The bulletin points to the relatively weak performance of the Scottish economy in 1986 and early 1987.

This lagging performance is due at least in part to the damage to the North Sea oil industry which was caused by the collapse of oil prices in 1986.

The bulletin says that Scotland's exports appear to have declined in 1986, while the number of people in employment was unchanged in the year to the middle of 1987.

However, the bulletin reports that growth in Scottish manufacturing output may have resumed in the second half of 1987, although it was still rather less buoyant than for the UK as a whole.

Unemployment fell rapidly in the second half of 1987, the

bulletin says, while for this year Scotland's economic performance is expected to mirror more closely the performance of the UK as a whole - for which the Treasury is predicting 2.5 per cent growth in overall gross domestic product.

Surveys show business confidence in the UK to be at its highest level for some years.

In manufacturing, prospects are assessed as being brighter than they have been for some time. Output in the electronics and other high-technology sectors is expected to continue to grow, with world markets more buoyant than at any time since 1984-85.

The bulletin says that there are signs that industries such as food, pulp and paper, and timber products and printing should increase their levels of both output and investment.

But most of the metal-using and heavier engineering sectors are expected to face weak demand, with the most severe problems in shipbuilding and oil rig fabrication yards.

An increasing number of companies expect to authorise more capital expenditure on plant and machinery in 1988 compared with 1987, mainly to improve productivity but partly to increase overall capacity.

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207 215	Am. Brt. Int. Oils	207.00	0	10.0	5.3	17
142 147	Average Int. Finance	142.00	0	0	0	0
208 210	Banking Group (1988)	208.00	0	2.1	3.7	8.8
206 210	Banking Group (1987)	206.00	0	2.7	1.7	26.5
208 210	Banking Group (1986)	208.00	0	4.7	3.2	11.6
147 151	CCl Group Drilling	147.00	0	11.5	4.5	6.5
208 210	CCl Group 15% Conv. Pref	208.00	0	15.1	31.6	0
147 151	CCl Group 15% Conv. Pref	147.00	0	5.4	38.2	0
104 110	Caribbean 7.5% Pref	104.00	0	10.3	10.2	0
143 145	Caribbean 7.5% Pref	143.00	-1	3.7	2.0	5.0
104 110	Caribbean 7.5% Pref	104.00	0	3.4	3.8	9.9
104 110	Caribbean 7.5% Pref	104.00	0	10.4	3.3	12.5
104 110	Caribbean 7.5% Pref	104.00	0	2.7	4.3	12.9
104 110	Caribbean 7.5% Pref	104.00	0	13.7	12.2	0
104 110	Caribbean 7.5% Pref	104.00	0	5.5	4.4	21.8
104 110	Caribbean 7.5% Pref	104.00	0	6.6	3.4	9.3
104 110	Caribbean 7.5% Pref	104.00	0	2.7	4.6	6.5
104 110	Caribbean 7.5% Pref	104.00	0	3.9	4.4	10.5
104 110	Caribbean 7.5% Pref	104.00	0	3.8	3.6	11.9
104 110	Caribbean 7.5% Pref	104.00	0	16.6	7.0	45.4
104 110	Caribbean 7.5% Pref	104.00	0	6.2	4.7	12.5

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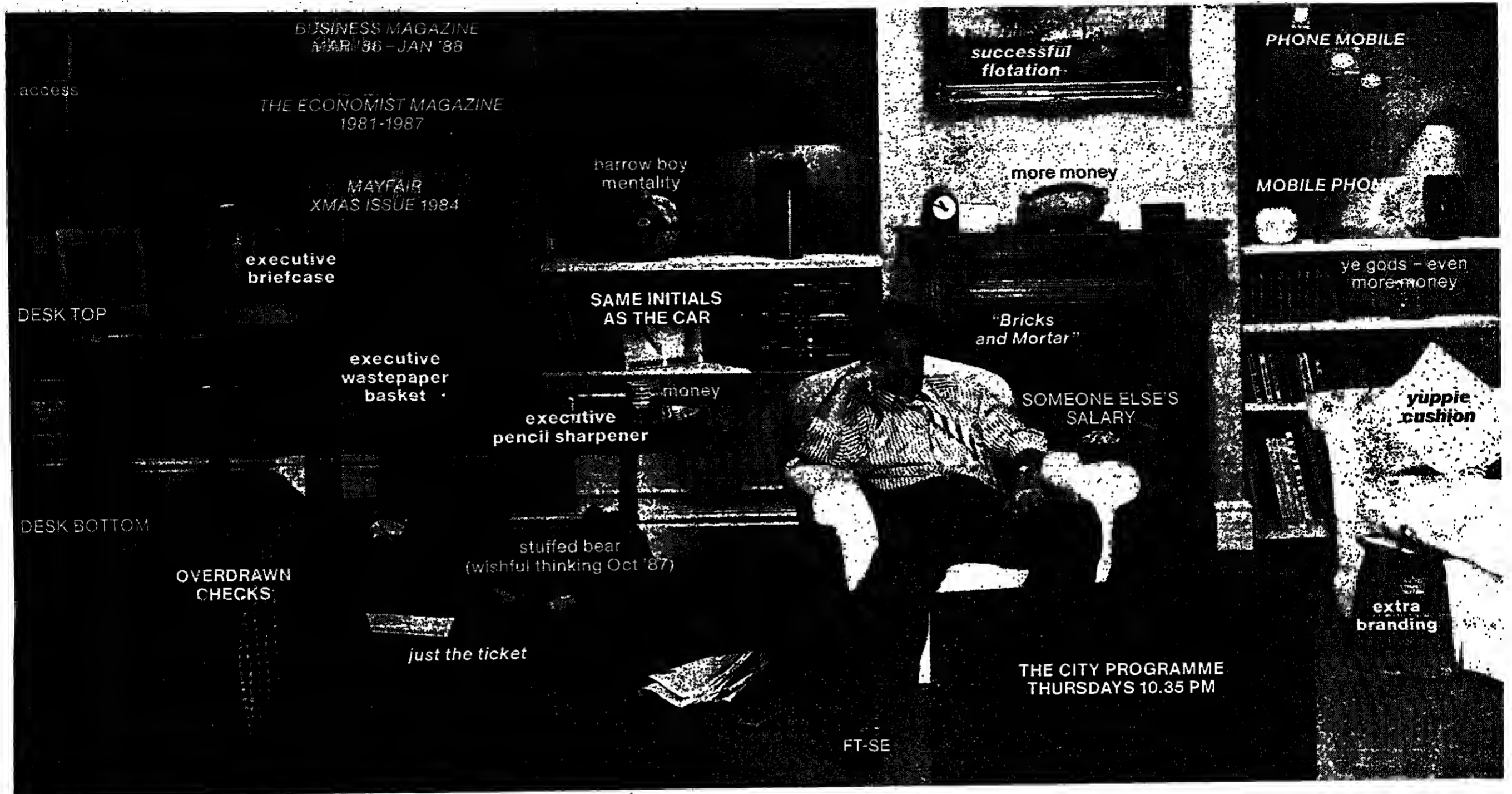
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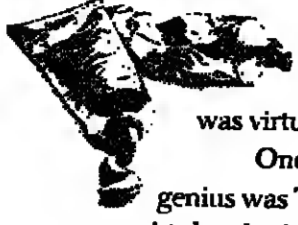
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From Mr Leslie Palmier.

Sir, So now we know. When the fevers of the patients in Wall Street and the City of London broke, their constitutions were robust enough to cope - if only just - with the paroxysms which followed the sudden drop in temperature. All this is very reassuring.

But was it the only question to ask? It is as if a great deal of energy had been expended by the coffee-shops of the day in studying how they had coped with the bursting of the 18th century South Sea bubble - while ignoring its cause.

Surely the more interesting and important problem is how the patients developed the fever in the first place. "Fever" seems the most appropriate word to describe a state in which incredibly high price-earnings ratios were reached - and were expected to go on rising - accompanied by delusions of "walls of money" falling on London.

What is urgently required is a serious study of the 1987 "Bubble," with a view to reducing the severity of future attacks of share fever. Recent tautologous "explanations" that it was due to excessive enthusiasm are not immediately enlightening. And London does not even have the excuses of "programmed trading" and "market arbitrage".

May one look forward to the Financial Times beginning its second century with the necessary enquiry, conducted "with-out fear or favour"?

Leslie Palmier,
University of Bath,
Claverton Down,
Bath, Avon

From Mr David Pallant.

Sir, I have been following the correspondence about Barry Riley's article ("Market theory that makes men mad," January 23) with some amusement. Most comment has centred on the idea that there is no coherent explanation for the market crash in October, and - presumably - no explanation for the huge rise in the early months of 1987.

While I cannot claim to have foreseen the extreme depth of the crash, which I thought would be no greater than 200 points or so, the timing was no problem; I informed our clients that the period from October 12 until November 6 would be bearish, due to the very negative ingress of Venus on Saturday 10. (As for the bull market of 1987, I was writing about it in your columns as early as September 1986.)

It must be clearly evident now that the theories of tradi-

tional economics are not capable of market prediction, and that they are in fact a self-feeding illusion. Our economics schools would serve their students better if they taught financial astrology and abandoned consideration of such outlandish notions as Efficient Market Theory and "Random Walking".

David Pallant,
Commodity Consultants
28 Waverleigh Road,
Cranleigh, Surrey



From Mr W. Oswald.

Sir, Mr Gerald Metean's letter (January 30) in response to Barry Riley's article (Weekend FT, January 23rd) shows the weakness of efficient market theory - namely that irrationality and the variable amounts of hope, fear, greed, so-called risk-aversion, short-termism (an ailment - your Lex column has noted - now apparently afflicting some UK industrialists) and of course the herd instinct, are not covered.

This is probably the main reason why the Charists disagree with the theory; they have concentrated their attentions on the manifestations of individual and crowd behaviour which the theorists have neglected.

Last October's market collapse are best seen as the bursting - with an unprecedented speed and universality - of an irrational speculative bubble on Wall Street and elsewhere, helped by modern market instruments, by the global nature of markets now, and probably by the increasing strength of the herd instinct as markets have become more dominated by institutions, whose three-month performance rules of the game add extra large dollops of short-termism and herd instinct.

It was just like a game of musical chairs in which nearly half the chairs were removed as soon as the music stopped. The markets' scope for self-feeding irrational volatility seems to be greater than ever.

W. Oswald,
Flori,
Solefields Road,
Sevenoaks, Kent

From Mr Thomas O'Connell.

Sir, In his Long View column (Weekend FT, January 23), Barry Riley suggests that financial market theories, developed mainly by US finance academics, are deficient for explaining financial market crashes such as that of October 19 last. In fact, models of financial markets have been developed by US academics that would seem to go some considerable way to explaining phenomena such as the October crash.

The actual path of an asset price can typically be decomposed into its anticipated or expected component (the "fundamentals") and "news," that is, unanticipated occurrences or events. There may be conditions under which speculative bubbles or cumulative divergences from the path warranted by fundamentals may arise. Once a bubble emerges, the actual path of the asset price can be shown to be dependent, *inter alia*, on the probability of a crash (a bursting of the speculative bubble) and its obverse, the probability of a continuation of the bubble.

What can be described as a "rational bubble" emerges: although market participants are aware that the asset price has moved away from its fundamental rate, the bubble may be sustained by new entrants and the belief that the bubble may grow fast enough to provide existing asset holders with a sufficient return.

US economists who have written on this include Professors Blanchard, Flood and Garber, and Dornbusch. It has to be stated, however, that, in their examination of German hyperinflation, Flood and Garber's statistical analysis rejects the existence of a bubble.

The stock market before October 19 and, arguably, the US dollar in the period through 1986, provide test cases for this framework. Many academics and commentators - including Financial Times columnists - had argued that, in both instances, prices had moved from their fundamental values; it was only a matter of when the crash would occur.

Thomas O'Connell,
6 Dollymount Avenue,
Clontarf,
Dublin 2,
Republic of Ireland

From Mr Neil Ostrom.

Sir, Now that the blizzard of comment on last October's market fall is subsiding, some conclusions are possible.

It seems clear that if all the people who agonise about not anticipating the crash had in fact done so, then the result would have been the same, if not worse. The fact of the matter is that if enough investors in London, or in any other market, simultaneously had the subliminal feeling in October that they were on the edge of

living dangerously then it is hardly surprising given the signal from America, that they rushed for the door as a group. What is now required is an eud to post mortems and a beginning to an appraisal of how current group behaviour and attitudes can influence the market.

If, as investors, we allow ourselves to wallow in a slough of post-bereavement depression and guilt, then the chances are - whatever crumbs of good news come our way - that we shall prolong the present lacklustre market. This does not in any way mean that a simultaneous will to "accentuate the positive" is going to result in a return to pre-October levels. But - once bitten twice shy - most of us might not want that anyway.

It is also a mistake, in my view, to attempt to look for precedents. There are none. We are into new waters and it is unproductive to think otherwise. Looking at fundamentals, most of the hopes for corporate expansion, higher dividends and so on, which were expressed last year, have been more than fulfilled. That is behind us.

Why do we listen more attentively to the doom watch brigade rather than to more balanced voices, when we know that the loudest cries of pessimism come from those who provide evidence of how clever they were before the event?

I am reminded of the Englishman who found himself, while holidaying in France, in a small village. Queering to use the lavatory facilities, his turn approached slowly and, noting his anxiety, the man behind uttered words of comfort: "Courage, Monsieur, j'entends le papier." With open ears we too will hear - but it is only paper talking.

Neil Ostrom,
Priestfield,
Watts Lane,
Chislehurst, Kent

From Mr John Golding.

Sir, Mr John Somers (Letters, January 30) may be interested to know that a technical analyst in fact did "predict" the bear market which was brought to general attention on October 19.

"According to the 'Dow Theory', first promulgated more than 30 years ago, a bear market was clearly indicated on October 9 in the Dow Jones 30-share index. This was confirmed by the Transport Index on October 15.

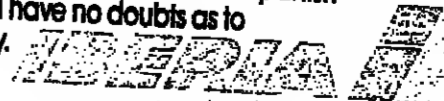
May I point out that the "Random Walk" theory may be correct, but trend-following methods (one of the four tools in the technical analyst's kit) are entirely compatible with it. John Golding,
ITG Ltd,
71 Evesack Lane,
Tadworth, Kent



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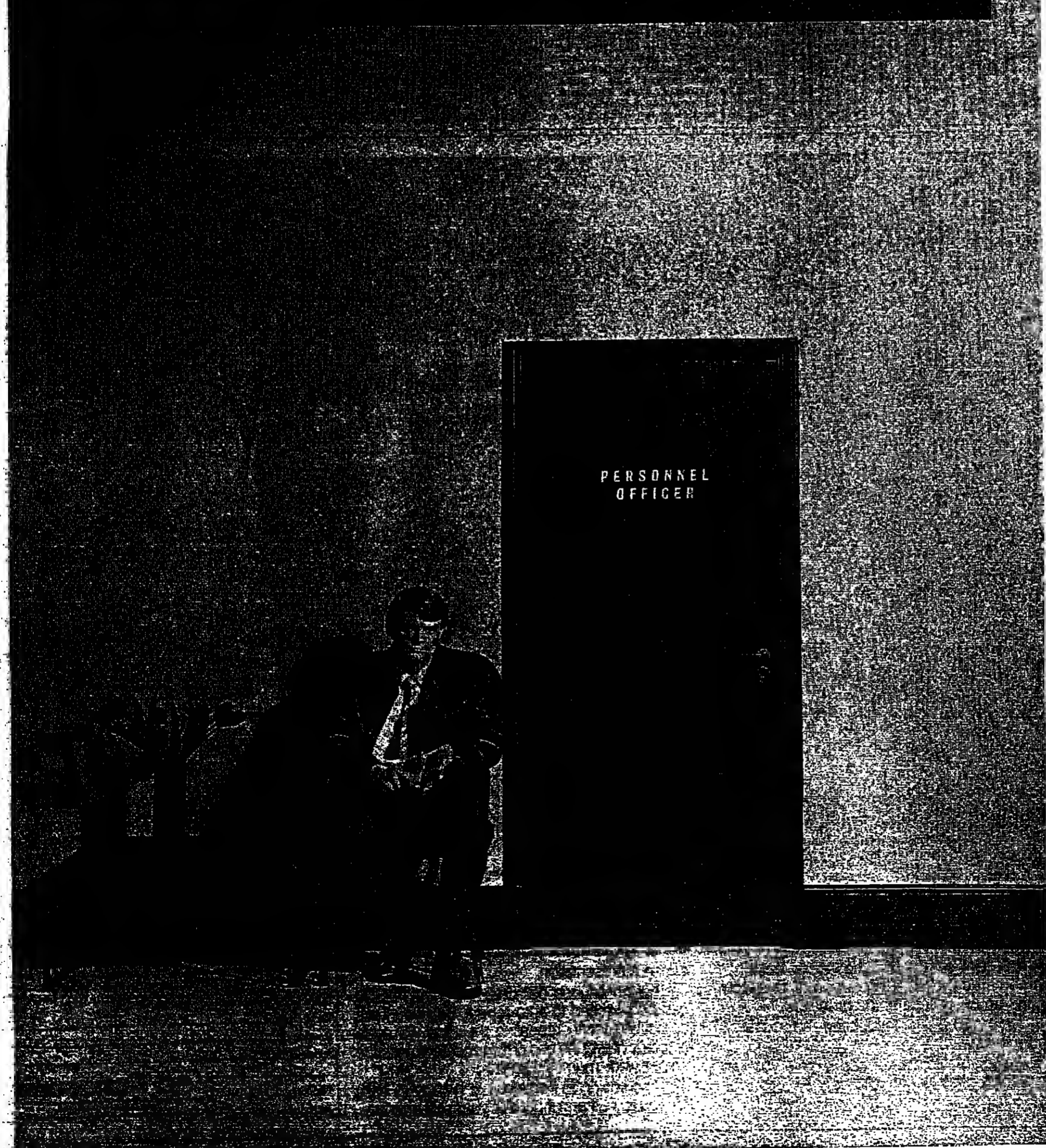


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MANAGEMENT: Marketing and Advertising

Fashion

A tactical withdrawal

Jaeger has re-focused its retailing strategy. Alice Rawsthorn explains why

AT FIRST glance the logic for any company of wilfully withdrawing from a profitable business which contributes almost half of its turnover and absorbs two fifths of its production capacity is difficult to see.

Yet that is exactly what Jaeger, the UK manufacturer and retailer of classic women's wear within the Coats Viyella textiles group, has done by pulling out of wholesaling in the UK. This spring will be the first fashion season in which the Jaeger women's collection will be available to consumers solely from its own shops.

The logic for Jaeger of such a move lies solely in marketing. For decades, Jaeger - which is also involved with men's wear through a separate company - has manufactured two women's wear collections: one for its own retailing outlets in the UK, US and Europe; the other for its wholesale customers all over the world except in the US.

Both collections were manufactured by the same units - five knitwear and five tailoring factories in England and Scotland - and both were promoted under the aegis of the same advertising campaign. Ostensibly this strategy was successful. Jaeger has long been established as a profitable business which filled a clearly defined gap in the market for well made, classic clothing for affluent middle-aged women.

Its retailing interests encompassed more than 100 shops and shops-within-shops in the UK; while its wholesaling business serviced a wide range of multiple and independent retailers.

The wholesaling business was less profitable than Jaeger's retailing activities, but nevertheless made a useful contribution to group profits. Thus on financial grounds it was a sound concern.

Yet the problem with Jaeger's wholesaling lay not in its financial performance, but in its effect on

the positioning of Jaeger as a brand.

In order to prevent the sales of one collection from cannibalising those of the other, the wholesale and retail collections have been directed towards slightly different markets. The former has been designed for a conservative customer of 35 years old or more, while the retail range is devised for younger women from 45 and up.

One difficulty for Jaeger was that, because of its duty to support its wholesale customers, its advertising had to reflect both collections. Thus it could not position its more profitable retail collection quite so clearly as it would have wished.

Second, the company could not control the way in which items from its wholesale range was put together and presented by its customers. Individual retailers made their own selection from each season's collection. The merchandise would be chosen according to the gaps in their own ranges, not to present a co-ordinated Jaeger "look".

When Sheila Reiter arrived at Jaeger from Debenhams, within the Burton Group, as managing director of women's wear just over a year ago, she realised that the company was in danger of allowing the dowdy image of its wholesale collection to dominate public perceptions of Jaeger as a brand.

"We seemed to be rattling along very cosily," she says. "But in fact we were sliding down a dangerous slope. Jaeger had a wonderful name for quality, but was perceived as rather dull. To the 35 and 40-year-olds who would become new customers, Jaeger exemplified the kind of clothes that 'mother wore'."

A parallel problem was posed by the changes within the retail chain's core consumer market. The 40 and 45-year-old women who should become Jaeger's key customers in the next few years are more discerning in their attitude to fashion than their predecessors.

Moreover, many of Jaeger's fellow middle market fashion groups had been revitalising their marketing strategies. Windsmoor, for example, is shedding its rather "mummy" image to present a more contemporary look for what James Green, its marketing director, calls "the smart 35-year-old woman". This spring Windsmoor will venture further into Jaeger territory by diversifying into retailing.

Similarly Mansfield embarked upon an extravagant advertising campaign last autumn, devised as a pastiche of the work of Gustav Klimt, the Austrian artist. Aquascutum, Alexon and Jacques Vert are also gaining momentum; as are the West German manufacturers - such as Escada, Laurel and Mondri - which have made such inroads into the British market over recent years.

Jaeger, as Reiter saw it, could no longer afford not to present a crisp, coherent image to its customers.

Almost two years ago the company pruned its wholesaling activities by reducing the number of outlets from 600 to just over 320. But the marketing problem persisted. Withdrawal from wholesaling looked like the only solution.

Yet in doing so Jaeger would not only run the risk of losing almost half its turnover and rather less of its profits, but of creating a problem of under-capacity at its factories. The wholesale range absorbed 40 per cent of production; if the company withdrew from that sec-

tor it would have to find ways of filling surplus capacity.

Nevertheless, Jaeger decided to go ahead. Last April the Coats Viyella board approved the decision to withdraw from wholesaling. The company then informed its wholesale customers; and the last wholesale collection went into the shops in the autumn.

Having effected its withdrawal, Jaeger has embarked upon a dual strategy for retailing. First, it decided to expand this range. It has added evening wear and leisure wear to the established collection and has introduced more luxurious garments in silk and cashmere.

To reinforce this new merchandising policy, Jaeger has redirected its advertising to present a more youthful image. It is also refurbishing the shops. This remodelling programme should be completed by the end of the year.

In order to compensate for the shortfall in production capacity, Jaeger has opened new shops both in the UK and overseas. Within the UK it has increased the number of outlets from 100 to almost 160 over the past few months. In the US it plans to double the size of its chain of 75 or so by the end of the year. In the longer term it envisages expansion elsewhere in Europe.

As a result, Jaeger hopes to minimise the impact on its manufacturing capacity. If this strategy works, the combination of retail sales growth and new shops should ensure a modest rise in profits and slight fall in sales this year, to be followed by an increase in both profits and sales next year.

The autumn sales figures were promising. But, as Reiter accepts, this new spring season will be crucial in determining whether Jaeger's gamble has paid off.

Well-being from wool

the body and fouled the air, whereas wool was a therapeutic fibre. Having "cured" himself of a lengthy illness by adopting a regime of woollen clothing, Jaeger propounded his theories in a book entitled Health Culture.

One of his followers - Lewis Tomalin - was so enthused by these theories that he not only translated the book into English but opened a shop in London to sell the woollen tunics, ponchos and sheets that were recognised

as "Jaegerian" clothing. The shop was a success. It acquired a fashionable following and was patronised by prominent figures such as the writers Oscar Wilde and George Bernard Shaw. Within a few years it had spawned a chain of shops and a mail order business.

From the 1920s Jaeger, then controlled by Tomalin's son, dropped its Messianic overtones and became a more general clothing concern. In the 1960s the business was sold to Coats Patons, the Scottish textiles company. Two years ago Coats Patons merged with Vantona Viyella to form Coats Viyella, the largest textile group in Europe.

TODAY JAEGER is a business involved with men's and women's wear in the US and Europe, but it is rooted in the late 19th century and in the writings of Dr Gustav Jaeger, an anthropologist and a proponent of the virtues of wool. Jaeger was convinced that the wearing of wool was vital for man's well-being. Cotton, linen and silk, he believed, poisoned

Fashion from Jaeger's spring collection, on sale in the chain's shops, including the revamped flagship store (right) in Regent Street, London

Having designs on British industry

The Design Council's new director talks to Feona McEwan

ONE OF the first moves Ivor Owen made when he assumed the hot seat of Britain's government-backed Design Council was to invite staff to criticise the organisation.

"I'm encouraging everyone to send in their views, no holds barred and no sacred cows. There are no limits to how radical their thoughts can be," he says.

Such talk is perhaps provocative in an organisation that has had a sticky ride in recent years. Despite its highly successful consultancy scheme to marry industry and designers and its progressive and far-reaching education programme, it has collected many brickbats and not enough bouquets.

Owen comes to the council as the first industrialist ever to hold the post of director. Previously, he had run the lighting and domestic appliance division of Thorn EMI until his resignation in March over policy disagreements. His new role is a five-year appointment with an option to stay on for a further three.

Owen, 67, is by training a design engineer. This is seen by many observers as a good omen, since it represents the twin disciplines of industry and design to which the council addresses itself. A no-nonsense Liverpoolian, he has been through the school of hard knocks, by way of turbine engines, ball bearings, machine tools, computing systems and commercial appliances.

Now in his fifth week ("I always reckon about six weeks before things start to fall into place"), the new director is still on the receiving end of action - "listening, talking and learning." He is circumspect about any plans for change and early signs are that he means business. The council, he recognises, "doesn't have the reputation it ought to have inside and outside its walls. But there is a huge well of goodwill."

Owen is clearly highly critical of Canute-like attitudes in British industry and is uncompromisingly candid about productivity or shoddy work practices, or the quality of the environment. Set against the quality of shop fittings in a rural French boulangerie or a streamlined effi-

ciency of a South Korean factory - "where the Japanese are now going to observe best practice" - or the devastating competence of the Japanese, he finds British industry's lack of understanding of design issues quite baffling.

His view of design in its widest sense is hard-nosed and un sentimental, though spoken with passion of someone with 30 years at the sharp end of British industry and a first hand experience of industry internationally.

After one tour of Japanese microwave cooker factories he admits he felt like weeping. "The good standard of engineering was familiar to me but they were so efficient, took a long term view, were adequately manned. They had it down to a perfect art, a level of competence we don't much see in the UK."

He believes that "you can't design products which have to be of high quality and are innovative unless you make them in environments of equally high standard, so the equipment and manufacturing technology must be the best in the world, though not necessarily the most expensive."

Also, "the environment, the way people are dressed, the graphics of a company, the way the telephone is answered, these all need to be looked at." Education of senior management is crucial, Owen believes, a role the Design Council is likely to continue pursuing.

He is concerned at every level about the shoddiness of performance. "If you believe in quality and competitive performance and all those things, you get angry walking to the end of the Haymarket," he says. He rails at the flower bins on the street near his office brimming with litter, to the tube station where the escalator hasn't worked for months. Or the tacky sandwich bar alongside. "Can you imagine that on the French metro, can you imagine it?"

Just what the Council can do to see up industry remains to be seen. All Owen will say is that he knows objectives have to be focused and limited to achieve results quickly. The present task is to identify the industries, given that so many have "beaten a retreat".



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Medea in Boston

Andrew Porter

Like Beethoven, Brahms, Puccini and Max Loppert, I greatly admire Cherubini's Medea. For nearly 30 years - since Maria Callas sang Medea at Covent Garden - this page has been recording various productions of the noble and exciting but difficult opera. The title role calls in Chorley's phrases, for a clarion of exceptional compass, a frame of adamant and gold, Pasta's grandeur and bearing, and stamina throughout a long evening during which Medea (except for the moment when, obedient to Horatian precept, she goes off to kill her children) remains ever onstage.

Moreover, the opera is composed in French, which few international stars command, and alternates between long musical numbers and scenes in spoken heroic verse. Franz Leachner composed German song recitatives in 1954, and these - translated into Italian - are what we usually hear. Arthur Jacobs has provided a blank-verse English alternative, but international houses seem to shun translation unless it be from one foreign language into yet another (Medea, Vespro, Don Carlo).

Sarah Caldwell's Opera Company of Boston is ever adventurous. One went to Boston to hear Norma with Wagner's insert aria for Orvoro; the first staging of Don Carlos as Verdi originally conceived it; Rigoleto with Maddalena's aria; Roger Sessions's Montezuma. In Boston one is never bored. For Medea, Miss Caldwell came up with an extraordinary presentation in which the spoken scenes were delivered in Ancient Greek (tape-recorded by Athenian actors) while onstage another troupe of Greek actors, masked and buskined, mimed them to music (also on tape) by Michalis Christodoulides for an ensemble that included both Ancient Greek instruments and electronics.

Had the Medea been dull one might have welcomed the diversions, which were well executed. But she was Josephine

Josephine Barstow as Medea

Arts Council's role in the Inner Cities

The Arts Council yesterday announced its contribution to the growing debate on how the arts can play its part in the regeneration of decaying city centres. With little cash to offer, the Council is mainly hoping to launch a "propaganda drive, alerting commercial developers to the positive financial benefits that follow from incorpo-

rating an arts centre, or a commissioned sculpture, in any redevelopment programme. To some extent this new initiative comes after certain cities, notably Glasgow and Bradford, have proved that by reviving the arts they can raise the morale of their cities and attract in new employees.

Exhibitions in Paris/William Packer

Great painters put in perspective

By a nice coincidence two major exhibitions have opened in Paris with each addressing itself to one of the great artists of modern times. It would be a mistake to make too much of it since the two exhibitions in each case are rather different, but both artists were working in Paris and in touch with their peers, and both of them had reached a particular turning point some years into their careers. They were but 20 years apart: the one a young man of 25 with over 60 years ahead of him, the other already 33 with only another four years to live.

Van Gogh & Paris is at the Musée d'Orsay (until May 15) closed on Mondays - sponsored by the Credit Agricole Murel and France and the Musée Picasso, "Les Dames d'Avignon" (until April 18, then on to Barcelona: closed on Tuesdays; sponsored by IBM) brings this extraordinary painting to Europe for the first time in 20 years, and in all likelihood the last.

The story of van Gogh's brief and tragic life is familiar enough, but it never ceases to astonish in its awfulness and brilliance. But the circumstances of the life are so disturbing that there remains the danger of taking the work too much for granted. Any exhibition, therefore, that brings us back directly to the work itself, and puts it into a proper working context, is salutary.

For the point is that, manifestly ill and disturbed as he was, van Gogh was no freak, and his work no arbitrary visitation. He was closely engaged with the work of his contemporaries, responding directly to it and, for all his personal lack of success in living by his work, contributing in his own right to the currency of the most advanced art of the day. By setting his work directly alongside that of his peers, who so often worked upon the same canvas and whose interests he shared, this exhibition in no sense makes his work less radical, but rather has the curious and exciting effect of radicalising the others.

Van Gogh arrived in Paris in March 1886, where he joined his brother Theo in Montmartre, who was already intimate with the circle of the Impressionists with works by Renoir, Sisley, Monet, and Pissarro passing through his



"L'italienne: la Segatori?" by van Gogh

hands. He would stay and work in Paris for most of the next two years. He had been working in Holland and Belgium under the immediate influence of the painters of the Hague School, with their direct handling, rich impasto and dark, close tonality. Almost immediately on reaching Paris, both his palette and his touch lighten markedly, as the characteristic dabs and flecks become more evident in place of the fuller, fatter strokes of the more loaded brush. The colour is cleaner, fresher, working its effects less by mixture than by juxtaposition and optical relation. The mood is of optimism and freshness, rapid personal development and technical excitement.

But the comparisons make the point, for though all artists inevitably declare themselves by their individual hands and van Gogh's particular mannerisms and exaggerations are clear enough, he is far from being alone. The work of other artists supplies half the show, and while the pointillism of Seurat and Signac may already be declared, others such as Sisley, Monet, Renoir and Pissarro are suddenly revealed as unexpected fellow travellers. This is not to say there was any policy about it, but only an instinctive, unconscious sympathy and common purpose. There are wonderful paintings and drawings from all these artists, and others, with Lautrec in particular re-emerging as a major figure again after a period somewhat in eclipse, and Emile Bernard less on margin than we might have supposed.

"Les Femmes d'Alger" is a large canvas, some 8 feet square, on which the young Picasso was working through the months of June and July of 1907. It is generally held to be one of the key works of Modernism - the one work above all others that turned over the old century to the new. It is freely

worked, and for all its familiarity still most striking in its imagery; but yet, though the term "unfinished" is largely meaningless in relation to so much of modern art, there remains about it a strong sense of the unresolved and inconclusive, a work left off and laid aside.

Thus it remained in Picasso's studio untouched over many years, a curious lowering presence in the background of several photographs, before it was at last rolled up. It was bought by the collector, Jacques Doucet in 1921, whose widow sold it to a dealer in New York in 1937. Finally it was acquired by the Museum of Modern Art, New York, in 1939.

For Picasso, whose habit was always to keep many of his most important works to himself, this long interval and the "unfinished" state are unsurprising, especially in the light of his remark that "Les Femmes d'Alger" represented for him a kind of exorcism. The clear inference is that it was the doing of it, the act of realising the image rather than its completion that was for him the main point of the exercise.

But it was a project that was a long time in the working out, having its particular roots in ideas that had engaged him a few years before. Indeed, it grew naturally out of much of the generality of his earlier work - the clowns, the circus and family groups. A mass of this preparatory, exploratory and comparative material is here brought together, in drawings, sketches, studies and studies on canvas that are as fascinating as they are seductive.

Even more to the point it demonstrates that, radical as it was, Picasso was not isolated in his preoccupation and was certainly no iconoclast. For here are the works of his great contemporaries - Matisse, Derain for example - engaged at that time upon the same kind of figures. Here too are sources further into the past, from Cezanne's bathers of the 1870s and Ingres' "Turkish Bath" of the 1860s to El Greco's "Vision of St. John the Evangelist" of the 16th century. Picasso's work is also set out: the African tribal masks, the strange Oceanic primitivism of Gauguin's "Oviri", and the anonymous sculpture of the pre-Christian Spanish past. "Les Femmes d'Alger" loses much of its stature by being thus put in its place.

The Century of Picasso, and Contemporary Art/Madrid

Mary Rose Beaumont

Madrid has just played host to ARCO 88, the International Contemporary Art Fair, now in its seventh year. This year, however, it will be housing part of the permanent collection from the Museum of Contemporary Art.

The star of the occasion is of course Picasso, who starts the ball rolling with half a dozen matchless Cubist paintings. One might be tempted to declare that the "Century of Picasso" were it not for his slightly younger contemporaries, Miro and Gris. The sober geometries of Gris' paintings are counterparts to Miro's surrealist fantasies, epitomised by the endearing dotness of "Dog in the Garden".

Two sculptors still under-rated outside Spain are Pablo Gargallo and Jolio Gonzalez. Gargallo's needs in cut-out metal are marvels of economy, particularly his "Greta Garbo" whose persona is encapsulated by lips, nose and one eye ramed by a sinuous lock of hair. Gonzalez' reputation is generally thought to rest on the fact that he taught Picasso to work in constructed metal, but he is a considerable sculptor in his own right.

A darker mood overshadows the work of the war years, quite literally with Miro's lurid, flickering "Still Life with an old Shoe" (1937) and Picasso's many studies for "Guernica", all expressions of anguish at the horrors of the Spanish Civil War, culminating in Picasso's savage series of etchings, "The Dream and Lie of Franco", the sense of outrage is reinforced by the knowledge that "Guernica" itself is on view in its own special wing of the Prado half a mile away. Unlike his fellow-Spaniards, Picasso spent the years of the Francoist war in France, experiencing the distress of living in an occupied country, although appropriately the painting shown here is a patriotic "Monument to the Spanish Republic who died for France", 1946-7.

During the 1950s young Spanish painters became aware of Tachisme in France and Abstract Expressionism in America, which is almost slavishly reflected in their work during the next two decades. By the 1980s Chillida's sculptures and Tappes' paintings and constructions incontestably stand clear of their contemporaries by the sheer force of their imagination and power of their physical and psychological control. The exhibition ends on an upbeat note with a roomful of late Picassos which show him, even in his tenth decade, leading the field. (Until March 13).

The programme at ARCO included a Symposium on "Europe-America: Contemporary Art" which lasted for five days with contributions from distinguished writers and speakers. The visual manifestation of American art in Europe was a minimal exhibition of only five works by Carl André at the Palacio de Cristal in the Retiro Park. André's permutations of flat metal plates - squares, rectangles or paths of steel - one like a druggist traversing the whole length of the building. If it sounds like a low-key event it was transformed into a magical happening by the sun glittering through the glass, lighting up the rusted or burnished metal squares to the point where they glowed like banked fires. (Until May).

sketches for the Pine Corridor, setting for one of the more violent incidents in Japanese history (portrayed in countless plays, films and soap operas), but here revealed for the first time as an idyllic riverside scene replete with a length of blue ribbon and a play puppy were used to adorn the walls of a cursory. Ends March 21.

Seibu Gallery (Seibu Department Store) Debukuro, Drawings, photographs and videos by Christo. Of special interest are the designs for a project that could be realised later this year - the simultaneous erection of thousands of octagonal umbrellas in the US and Japan: yellow to blend in with the desert landscape of California, and dark blue to merge with the lush greenery of a valley in central Japan. Ends Feb 16.

Japan Folkcraft Museum (Nihon Mingeikan), Komaba. Prints by Munakata Shiko; pottery by Kawai Kiyomasa. A special exhibition featuring works by two of the leading Japanese artists of the 20th century. Munakata's prints are of special interest because he was near-sighted from his youth onwards; while Kawai's distinctive style favours brightly coloured glazes. Don't miss the superb standing collection of crafts from all over Japan, housed in a replica of an old farmhouse building which is in perfect harmony with the unselfconscious beauty of the objects.

Tobacco and Salt Museum, Shibuya. Beauties of Edo. The highlights of this exhibition are the woodblock prints by Utamaro, the great master of female portraiture, whose scenes of the licensed quarters have great wit and elegance. Ends Feb 22.

Arts guide

Exhibitions

LONDON

Tate Gallery, Douglas Cooper - The Masters of Cubism. A small but choice selection of 50 works from Cooper's collection of cubist art of all kinds but principally of the work of the great masters of Cubism: Braque, Gris and Leger. Ends April 4.

Tate Gallery, Young Turner: Early Work Until 1800. The latest in a continuing series of small temporary exhibitions in the Clore Gallery devoted to the many aspects of the vast number of water colours and drawings in the Turner bequest. Ends March 20.

Hayward Gallery, Linda Freed - A full retrospective exhibition of the work over more than 40 years of Britain's leading objective painter of the human figure, clothed and naked, and of the human head. Ends April 17.

Hayward Gallery, Roger Fenton - A full study of the work of one of the pioneers in British photography across a range of subjects - figures, landscape, architecture, travel etc. Ends April 17.

National Gallery, Noble and Partridge - Sir George Beaumont presented in 1824 a small but delightful show of rich colours for a softer palette with near monochromes. Grand Palais. (42560824). Ends April 11.

Grand Palais. An important Vegas retrospective of 275 works covers 60 years of the artist's career from his student beginnings in Madrid to the rich maturity of his last years. His favourite themes of ballet dancers - there are the two versions of La Classe de Danse - and of jockeys and racers, of washerwomen, milliners and bathers show the diversity of his inspiration, as well as the variety of his modes of expression. (42 56 08 24). Ends May 16.

WEST GERMANY
Munich, Villa Stuck, Pablo Picasso exhibition (on loan from the Hermitage Museum) displays around 300 paintings, drawings, graphic art prints from the artist's complete artistic range, ranging from cubism, classicism, and surrealism, as well as Picasso's later work. Prinzregententempel 1. Ends Feb 28.

Stuttgart, Galerie der Stadt, Max Ackermann (1887-1972). The 100th anniversary of his birth commemorated by a comprehensive retrospective with 80 pictures from the main periods of his working life. Schlossplatz 2. Ends Feb 21.

SPAIN
Madrid. The Romantic Tradition in Contemporary British Painting proposes that a parallel development to Modernism has embraced most major British artists since William Blake and that it is as alive today as 150 years ago. This is the first exhibition to undertake such a re-examination and the first group exhibition of contemporary British painting to tour Spain. It features 10 artists and 36 works from private and public collections, some being shown for the first time. The Romantics established a spiritual-landscape tradition which proved to be

indigenous and an enduring influence in the century to follow. This lineage can clearly be traced from the 18th century to the 19th century, through Sutherland, neo-romanticism, Moore, Bacon and British abstraction of the 1950s to the artists represented in this exhibition. Sala de Exposiciones, Ends March 3. Circulo de Bellas Artes, Madrid. March 10 to April 17.

SWITZERLAND
Geneva, Alberto Giacometti Drawings and rare prints. Galerie Jacques Benard, 7 rue de l'Hotel-de-Ville. (21 61 56). Ends March 26.

WASHINGTON
National Gallery, A contemporary retrospective of Georgia O'Keeffe includes 115 oil paintings and drawings, among them rarely seen examples from her familiar New Mexico landscapes, exotic flowers and still lifes. Ends Feb 21.

CHICAGO
Art Institute, More than 80 drawings of early 19th-century architect Friedrich Weinbrenner show his influence in rebuilding Karlsruhe and Baden Baden as well as being a major inspiration for German royalty. Ends Feb 28.

TOKYO
National Museum, Ueno. Preliminary Paintings for Edo Castle. Recently discovered watercolours and working drawings by artists of the Kano School for a major remodeling in the 1870s or 1880s of the shogun's castle, where beautiful paintings decorated the sliding paper doors and ceilings. The finished landscapes flow effortlessly from panel to panel, with an abundance of seasonal flowers, birds and animals. Of particular interest are the

A Place with the Pigs/Cottesloe

Michael Coveney

Athol Fugard's new play, directed by the author in the National Theatre's Cottesloe auditorium, opens to the strains of the Soviet anthem with a fine, random obbligato for grunting pigs. Not exactly what we've come to expect in a subsidised theatre, although I can think of a few rasher (sic) commentators who would beg to differ.

In fact, this is not some swinish Orwellian parable, grinding organs and bacons into the ground. It is a play about how a man who has abjured the society of other men sticks his pigs and renews his membership of the human race. Fugard takes as his text "the true story of Pavel Navrotsky, a deserter from the Soviet Army in the Second World War, who spent 41 years hiding in a pigsty."

The play is subtitled "a personal parable", and Fugard has gone on the record with how it reflects his own protracted battle against alcoholism. Most of his South African characters assert their humanity in spite of obstacles constructed by a political system. But Pavel, a deserter to the dark centre of his own soul, acknowledges his cowardice and his guilt, rededicating the beauties of the landscape on a walk of stardust stardust, dressed in one of his wife's housecoats, and finds that pigs delight not him.

His wife Praskovya is both cover and companion. The action in four scenes (played without an interval) interprets his physical and psychological condition at ten-yearly intervals. In the first scene, he has chosen to come clean at a victory anniversary parade in the village. But having started off on a Prussian march, he is taken while fondling a pair of slippers his mother made, and having reaffirmed that it was a simple hoarding instinct that smothered his patriotic duty, he stays put

while Praskovya decamps to play the wailing widow and collect his decoration. Ten years on he is chasing a butterfly and assailing the pig who swallows it. This episode leads to a rather embarrassing symbolic interlude about a bleeding soul which suggests that Hell is other porkers and Home is where you hack your hog. Jim Broadbent negotiates sicut stuff with some skill.

When Barry Collina wrote Justice about the Russian officer who survived a long period of incarceration by turning to cannibalism, it was the power of condensed testimony that gave rise to unbearable drama. Fugard's way is harder, but also softer. You catch yourself wondering why it has taken Pavel 30 years to wax ecstatic about Mother Earth, or what might happen if a neighbour unexpectedly dropped by while the couple were up to their necks in mud and piglets. You sense the playwright toying with these farcical possibilities, and certainly Mr Broadbent and the excellent Linda Bassett as the scrubbed and astonishingly amiable spouse look set to exploit in high comedy. Instead, Pavel descends once more to the mire, embraces the Brechtian butcher, and Jim Broadbent suggests with some force that he might be ready soon for either Ben Gunn or Timon of Athens, possibly both.

Mr Fugard's direction is enhanced by Douglas Heap's fine pig pen and hovel that opens out under the night sky, skilfully illumined by Paul Fyant.

Linda Bassett and Jim Broadbent

Sacher/Festival Hall

Richard Fairman

As conductor, archivist of important musical manuscripts and patron of contemporary composers, Paul Sacher has had a three-fold influence over the progress of 20th century music. It is some six decades now since he first came to prominence, but in neither physique nor bearing does he begin to look anything like his 81 years; and, to judge from Tuesday's concert with the Philharmonia, he is as firm and decisive as ever in his music-making.

There was a distinct authority in his Haydn (an undemonstrative and neatly-sprung score of the Symphony No. 78) no less than in the 20th century works, for which he can claim to have been the instigator. Of these, the most famous is probably the "Missa for Strings" by Perceval Elve Cotesia by Bartok - given its first performance by Sacher in 1926 and unfolded in this concert in a style that was impressively lucid and articulate.

The dynamics were never taken to extremes (no inaudible pianissimo at the beginning); and there was a welcome lack of histrionic gestures. Everything, in short, was in due proportion. It was only a shame that the playing of the hard-

working Philharmonia should be so unpredictable, as the kind of performance Sacher wants to give really depends on an exemplary high-class orchestral machine.

In the two concertos, however, he had precisely that from his soloist, Anne-Sophie Mutter. The Stravinsky was perhaps the more fascinating, for it paired a noted Stravinsky specialist with an extraordinary violinist whose cool, detached style might be thought ideal for the music: a lithe and pointed grace about the rhythms denoted much of the proper style and Mutter added a characteristic warmth to the slow movement.

Yet the Mozart A Major K219, according to this artist's customary manner, was no less fine. To watch her in this Adagio, drawing her bow across the strings as if to melt the wax holding the pressure and intonation without a momentary waver of any kind at all, was to witness a technician at the peak of her powers. At the very least, there are very few violinists with the control or composure to dare try it.

Saleroom/Antony Thorncroft

Quality sells

The antiques business is all over the place at the moment. In theory it should be facing a depressing year. The relative decline in the buying power of the dollar, taken with the Wall Street crash, must inhibit the buying power of the Americans, and for most major British dealers trans-Atlantic purchases usually account for around half of their turnover.

Yet in practice the auctions, where dealers acquire much of their stock, are going better than might have been expected. Or, rather, depressing sales are followed by good ones. On Tuesday Phillips sold medium range Old Master pictures and had its disappointments. Yesterday Sotheby's aimed at the same market and did well, with a morning total of \$566,125, and only 10 per cent unsold. At its last auction in this sector, before Christmas, the unsold percentage had been twice as high.

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Policing in Ulster

THE ANGLO-IRISH Agreement of 1985 was always a top-sided affair in the sense that it was not a treaty between two equal powers. Although it marked a major new departure in British policy towards Northern Ireland and practically gave Dublin a voice in the policy-making, it was probably the Irish Republic that gave more away. For if the agreement were ever to break down, Dublin would be hard put to find suitable new friends to help it combat the Provisional IRA - a body which, in the long run, is aimed quite as much at the south as at the north.

Britain, by contrast, regards Northern Ireland as only one problem among many and one that is not often at the top of the political agenda. Its main bonus from the agreement was enlisting further Irish help in the fight against terrorism, though British forces, along with the Royal Ulster Constabulary, could possibly continue to contain, if not defeat, the IRA on their own.

Guardians

It is also true that the agreement was drawn up by a small number of people, some of whom have now moved on. Sir Robert Armstrong, for example, was critical of it when he was Cabinet Secretary, but has now retired. It was always essential that the agreement should have a few guardians close to the centre of power if it was to work. It is no less essential that Britain, as the bigger power, should have a continuing awareness of Irish sensitivities. If Mrs Margaret Thatcher could not keep a close eye on what was happening all of the time, it was imperative that those close to her should keep her advised.

The statement by Mr Tom King, the Northern Ireland Secretary, to the House of Commons yesterday was both an admission of how much had gone wrong in the past and a promise to do better in future.

Mr King's remarks were confined to policing and security matters. Many of them

covered events long before the Anglo-Irish Agreement was signed and before he was Secretary of State. Yet one has to admit, as Mr King himself went a long way towards admitting, that it is, in part, a pretty sorry record. No doubt there are mitigating factors. He was, after all, talking about what had gone wrong rather than what has gone right. But it is still a tale of the RUC frequently taking matters into its own hands, of alleged wrong doings being inadequately investigated and certainly not by independent authorities, and at times of a certain contempt among the security forces in the north for those in the south.

Careless

In particular, there was the Stalker affair. Probably no one will now get to the bottom of it, since it concerns obscure events in which possibly innocent people were killed by the RUC in 1982. Mr John Stalker, then the deputy chief constable of Greater Manchester, was appointed to head an inquiry in 1984, then removed for reasons that may have had more to do with Lancashire than Northern Ireland.

The rest of the Stalker saga is by now pretty well known but the entire episode still leaves an appalling taste and it was right for Mr King to give assurances yesterday that inquiries are not being dropped. Earlier statements by Mr Stalker, the Attorney General, had given the impression that the British authorities were beginning to wash their hands of the affair.

Mr King also insisted that since the events of 1982 came to light there had been a steady improvement in the disciplinary procedures of the RUC and its accountability. The fact that he had to announce further measures yesterday, however, shows how slow the process has been. What he said amounted to an apology handsome enough for Dublin to accept, but the British should not be so careless again.

Lessons from the Ford dispute

HAS FORD Motor Company just become the first cuckoo of an exceptionally early Spring? There were three "final" offers before the strike and another one has come this week. If workers reject the deal agreed by their leaders on Tuesday, there may even be more to come.

Apart from the way in which it was reached, the deal itself, though very far from disastrous, is not particularly encouraging. A settlement of 7 per cent in each of the next two years is somewhat above the general run of pay settlements and confirms an upward trend in those settlements since before Christmas.

It is also no isolated event. There has been protracted unrest at Vauxhall, where there is also a two-year offer worth 14 per cent. Industrial action also seems likely at Land Rover and Renault trucks. It is quite possible that companies will decide that 7 per cent is the going rate and not only within the motor vehicle industry.

Going rate
These pressures are emerging spontaneously from the shopfloor, with the unions leading from behind. Two features of the UK economy are thus confirmed: first, the decline in unemployment during the second half of 1986 and 1987 is far more important for the labour market than its still high level; secondly, workers continue to regard the performance of their own companies as being the most important factor in pay bargaining, other than the "going rate" itself.

Labour force

There is a much sadder long-term implication. The benefits of higher productivity and profits are being split between shareholders and the existing workers of successful firms. The natural response of firms to wage pressure is both less investment overall and more labour-saving investment. Greater employment can then result only from continued growth at above the underlying trend rate, such growth being less likely if inflationary pressure builds up.

The result looks likely to be a permanent exclusion from employment of at least 10 per cent of the labour force and, within employment, a growing division between those employed in successful capital-intensive firms and those employed elsewhere.

The poor prospects for anything like what used to be viewed as full employment have long been suspected; it is the first period of exceptionally rapid growth since 1979 that has confirmed the suspicion. Much more than the need for prudence in macro-economic policy is suggested. Policies to bring the long-term unemployed back into the labour force will be doubly blessed, being good in themselves and good for the labour market. Equally crucial will be policy to increase the flexibility of the housing market. The Ford cuckoo heralds a difficult spring. But it is also a call for action to spread the benefits of growth to those too-long excluded.

Carla Rapoport and Roderick Oram on Bridgestone's US deal

AFTER THE Second World War, the story goes, Goodyear offered to buy half of Bridgestone, a young Japanese tyre company with an aggressive chairman. That chairman, Shojiro Ishibashi, saw the Americans off, he is then said to have turned to a colleague and commented: "One day we will buy Goodyear."

In the event, it is Firestone Tyre, not Goodyear, that Mr Ishibashi's successors have picked up. Although the deal is called a joint venture in the US, Japanese industry executives and analysts see it as the latest and boldest move by a Japanese company to acquire a blue-chip American name.

The combined forces of Bridgestone and Firestone worldwide represent an immediate threat to Michelin's second-place ranking and could, in time, challenge Goodyear's top spot. "Bridgestone can secure international power by this tie-up," Mr Akira Yei, Bridgestone's president, says.

However, his company's journey from obscurity to the international stage is unlike other Japanese success stories. In contrast to Toyota and Toshiba, Bridgestone has mainly ploughed a domestic furrow, supplying tyres to the growing domestic vehicle industry. Its strong engineering skills were backed up by the reluctance of Japanese manufacturers to import European or American tyres in the 1960s and 1970s, when foreign tyres were clearly superior to Bridgestone's.

These factors conspired to give Bridgestone a commanding share of the Japanese market, now around 48 per cent. Exports never amounted to more than 33 per cent of sales and now account for only 26 per cent.

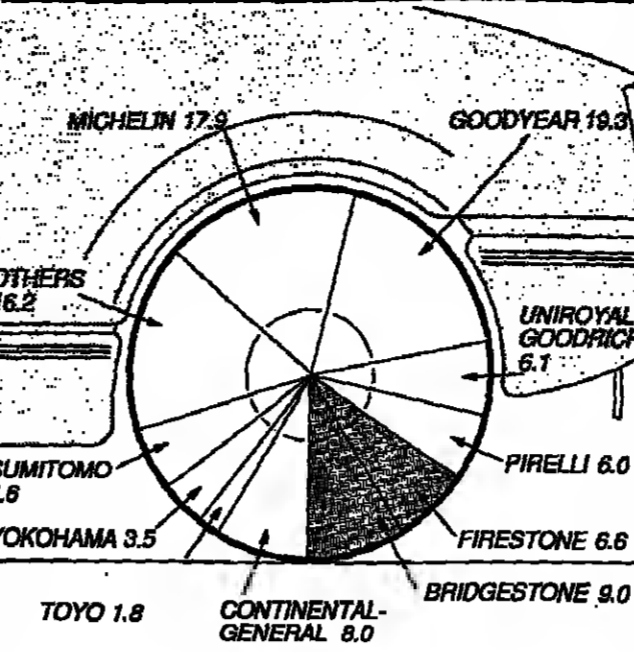
Bridgestone was founded in 1931 by Shojiro Ishibashi, whose name means "stone bridge". The company originally made *tabi* - Japanese workers' footwear. Ishibashi made his first fortune by putting rubber soles on the shoes; from then on, he was in the rubber business. He used his subsequent fortunes to collect art, marry by Western manners, and shined the shoes of drinking in hostess bars favoured by most businessmen of his time.

Ishibashi's main business principle was to expand in bad times, and this served him well. He also thrived on business connections made through the marriages of his children. His relationship with marriage to government officials, when Bridgestone flowed to Bridgestone during the Korean war in the 1950s, helping the company to gain its strong position in the domestic market.

The group, however, was not particularly bold when it came to product development. It came to radial tyres relatively late by western standards, mainly because it placed domestic customer base as its priority. Growth in the domestic market was still five other tyre companies in the Japanese market.

"The company was standing on a shrinking ice-foam," says Mr James Abegglen, president of Asia Advisory Service in Tokyo who took part in a study of Bridgestone a few years ago. "Compared to

World tyre market breakdown by percent 1986



Driving out into the world

when I see a 959 in a showroom."

If technology came relatively late, a plan for international expansion came even later. While other Japanese companies were developing overseas production plants and marketing channels, Bridgestone stayed mostly at home. In the US, it bought a truck tyre plant from Firestone in 1983 and set up another a few years later. But so far it has captured less than 2 per cent of the US replacement tyre market. Its tyres are on about one in ten of new cars sold in the US, thanks to vehicle imports from Japan, but it has barely dented the market for original equipment on locally produced cars.

In recent years, Bridgestone's weakness overseas has begun to strike home. Its customers, Toyota, Nissan and others, have all been boosting production overseas and increasing their parts purchases from outside Japan. The main tyre suppliers to the Japanese car factories transplanted to the US, for example, have been American companies.

At the same time, imports of tyres into Japan became more than a trickle; growth in the domestic market was still five other tyre companies in the Japanese market.

"The company was standing on a shrinking ice-foam," says Mr James Abegglen, president of Asia Advisory Service in Tokyo who took part in a study of Bridgestone a few years ago. "Compared to

Goodyear and Michelin, Bridgestone's size and cash-flows were so much less. Their efforts to internationalise hadn't worked."

Even so, falling raw material costs plus the rise in the value of the yen have cut Bridgestone's expenses dramatically over the last two years. The production costs of goods sold were 75 per cent of sales in December 1986, for example, but dropped to just 66.4 per cent by June last year, according to Mr Takaharu Itoh of Chicago Scripps-Vickers in Tokyo. Very little of this advantage has been passed on to Bridgestone's customers, allowing it to hold profit margins fairly steady. At the same time, its balance sheet shows net cash of more than ¥200bn (\$831m). Mr Itoh calculates that Bridgestone's hidden assets, including land, buildings and securities purchases made decades ago and valued at cost, are worth at least ¥1,000bn.

Now Bridgestone has used a chunk of that cash to buy itself a big international presence. At a stroke, Bridgestone has acquired factories in the important North American and European markets, plus marketing and distribution networks. Its own factories in Asia and Australia are a good fit with the Firestone plants.

In the US, the deal gives Bridgestone instant access to high quality manufacturing an extensive national marketing system for replacement tyres, and big research and development labs. The Firestone name and sales network

gives it access to Detroit's car makers for original equipment sales. And it also gains the ability to head off politicians' protests by selling locally-made Firestone-brand tyres for the 2m cars a year Japanese auto firms are planning to make in North America.

Two question marks remain over the deal. First, did Bridgestone overpay? Firestone's tyre operations may be worth in total only \$1bn, estimates Mr Donald DeScenza, an analyst with Nomura Securities in New York. Yet Bridgestone is paying that much money for only 75 per cent of the business.

"Bridgestone wanted in to the US tyre industry in the worst kind of way and Firestone wanted out just as badly," a senior industry executive said. In the last few weeks, however, the balance of advantage may have swung Firestone's way. Analysts suspect that Firestone used a rumoured bid from Pirelli, the Italian tyre maker, as a means of forcing Bridgestone to a decision after years of tentative talks.

Another reason for Bridgestone's willingness to pay up may have been the improvement in Firestone's profits in the past year. Mr John Nevins, Firestone's chairman, gained the nickname "The Liquidator" for his aggressive streamlining of the company's tyre operations through the 1980s. Satisfactory profits included the company until last year, however, because of overcapacity and stiff price competition. At last, the industry's supply and demand swung in the opposite direction. As a shortage of capacity developed, prices rose strongly.

However, another protected bout of overcapacity may be just around the corner. Domestic companies have been rapidly expanding and modernising their plants. The industry leader, Goodyear, has a factory that, it claims, produces tyres as cheaply as any other in the world.

Meanwhile, foreign investment has been flooding in. Michelin of France has begun a \$200m project to substantially increase output at four US tyre plants. Continental of West Germany recently paid \$650m for General Tire & Rubber. The sick man of the industry is considered to be the US industry's second-biggest firm, Uniroyal Goodrich, an attempt by a New York investment firm to merge the tyre assets of two once famous companies in the industry. With such competition, and slowing US car production ahead, Bridgestone faces a tricky challenge in making its new operation work.

That is the second question mark over the deal. Japanese companies have already proved that - in a few striking instances at least - they can take over Western firms and make them work well against fierce competition. One such achievement, indeed, came in the tyre industry, with Sumitomo Tyre and Rubber's purchase of the Dunlop tyre operations in Western Europe. None the less, Bridgestone's strong domestic emphasis until now makes the challenge of the Firestone deal all the greater.



The Politics of Interdependence

By Edmund Dell

MacMillan £29.50

EDMUND DELL is a rare bird. He is former trade minister and a mercantilist, which is not at all rare. He is also an avowed mercantilist, which is a good deal rarer. But what makes him exceptionally rare is that he is a thinking mercantilist. He wants to convince us that trade ministers do more than impoverish their countries at the best of special interest groups.

Mr Dell has written widely on the subject and has made a serious attempt to understand the arguments of his opponents. If one wishes to understand how a trade minister with Mr Dell's wit and learning might defend his activities, then this book is the one to read.

How persuasive is Mr Dell's *plaidoyer*? He makes three main points: first, "the instinct for national economic security has always been an important, sometimes decisive, element in economic policy-making." Second, "no economic theory provides a reliable basis for action." Third, "it is inevitable that nations will deploy their power in an attempt to secure for themselves that accommodation with their partners that most nearly serves their interests." His conclusion is that the appropriate path is "liberal pragmatism," and this reviewer certainly agrees in preferring the liberal to the illiberal variety.

The argument can be viewed as both a description and a defence of how the world works. On the former, Mr Dell is unassailable. Nobody who has had any contact with trade ministers can doubt that Mr Dell has encapsulated how they think. To take a salient example, the GATT has nothing to do with the economist's notion of free trade. It is a disarmament treaty for mercantilists.

The main question is whether one should accept Mr Dell's defence of these activities. Here the book offers two avenues: a critique of liberal economics and a theory of mercantilist policy. On the former, the discussion is quite defensible. Neither theory nor experience provide a convincing demonstration that free trade will bring the greatest possible level of economic welfare.

What theory and experience suggest is more modest, though not unimportant. First, some trade is certainly much better than none; the smaller a country's trade, the more essential will be a great deal of trade. Secondly, export performance is a key ingredient of economic success, while uncontrolled pro-

tectionism acts as an often-crippling tax on exports.

The heart of the book is, however, its defence of mercantilism. For Mr Dell the aim of international trade policy is national economic security. Such security is achieved through economic strength. The principal sign and reward of strength is a current account surplus. "Without such strength," Countries other than the most powerful can become intolerably constrained in their ability to make their own policy choices.

In Mr Dell's view, states are like individuals. He remarks that "countries such as Germany and Japan may not be able to challenge the USA in its military power." But they can invade its domestic market with great effect. "Is this anything more than a loaded way of saying that a substantial number of Japanese and German firms have been successful in developing products that Americans want to buy?"

The book's main failing is that the central concept of "economic security" is never convincingly elucidated. Sometimes it seems to mean no more than that ministers can be secure against the embarrassment of going naked to the conference table. Furthermore, the intermediate goals proposed are unlikely to make countries "strong" even in Mr Dell's own terms. There is no necessary link between protection and the current account surplus.

More important, are the interests of the state, as elucidated by Mr Dell, also the interests of its citizens? The principal achievement of Adam Smith's economics may be the proposition that the reason of state is the consumption of individuals, of which they themselves are normally the best judge. Since Mr Dell's "autonomy" usually means the ability of the state to interfere in the transactions of its citizens with foreigners, why should they prefer such "autonomy" to their own?

"In any case," it is far from obvious that the citizens of small countries like Switzerland or Sweden are less economically secure than those of the US; the paradigmatic case of a strong state. If they were, it would presumably be in their interest to see their states not preserved, but rather merged into larger ones. "But the trade policy autonomy of the US probably shields the economic security of at least as many Americans as it is ever likely to assist."

Mr Dell's book describes the world with great clarity. Even where peaceful commercial transactions are involved, the state has, indeed, been successful in using the metaphor of war to bind its citizens to itself. "But what Mr Dell describes as the interests of states, are not necessarily those of their citizens." "Japan" and the "UK" are powerful, but dangerous abstract ideas capable of evoking calamitous loyalties and hatreds. It is ironic that it is those viewing themselves as pre-eminently practical and pragmatic who find these abstractions particularly seductive.

Martin Wolf

Consumer scourge

The style of leadership introduced by John Beishon, chief executive of the Consumers Association, is not to the liking of everyone around him. Neither are his methods.

Since he took up his post seven months ago the association, publisher of Which? magazine, has seen a number of departures, culminating in a surprising announcement that Rosemary McRobert, deputy director, has decided to retire in April, four and a half years before her normal retirement age.

McRobert is not prepared to comment openly. Beishon himself has no such coyness. "I like to think that any chief executive is under a certain amount of pressure. I am not a big teddy bear. I have a business to run," he says.

Beishon, 56, has joined an organisation which has become a pillar of the middle class. Which? is a highly successful publication with more than one million subscribers, helping the association towards a projected turnover of \$36m in the current year.

He is intent on broadening the association's message to "the vulnerable section of society - the OAPs, the unemployed, the less monied and less well-off."

Beishon, a member of the Labour Party, took over a post occupied 22 years by the late Peter Goldman, the unsuccessful Tory candidate in the Orpington by-election in the early 60s.

He gained a reputation for firmness when he was sent into North London Polytechnic two years ago to put down the near anarchy which reigned when students rebelled against the far right connections of fellow student Patrick Harrington, now a prominent member of the National Front.

Just as in his days as deputy rector at South Bank Polytechnic, Beishon's career at North London was marked by a number of secondments, and

OBSERVER

moves among senior staff. For example, Mary Nutkins, for instance, had a year on a course to Cambridge and found that she couldn't get back. She is now contemplating early retirement while on secondment at the Polytechnic of Central London.

Not all the Consumers Association departures, and there have been four recently among senior staff, can be put down to the Beishon style. John Scott, head of marketing, left to become vice-president of Time Life.

Rosemary McRobert will be a bit of a mystery. Her colleagues have noted that the backgrounds of her and Beishon have little in common, something he accepts himself. He says: "Rosemary was born in Burma from a military family and privately educated. I was born in Walthamstow from a working class family."

French cricket

George Orwell must have hated cricket. "It is not a twentieth-century game," he wrote, "and nearly all modern-minded people dislike it. The Nazis, for instance, were at pains to discourage it."

Being attacked by Orwell hasn't harmed the sport. Indeed, the pace at which the French, of all people, are developing a serious taste for cricket was marked yesterday by news that the British are helping to sponsor the French National Cricket Championships at Eymet, in the Dordogne, at the end of April.

The Warwickshire Knickerbockers played against the Cricket Club of Paris back in 1864. And there was a needle match between an English and a French side at the 1900 Olympics in Paris. But things moved along sedately until 1986 when the Association Française de



"They certainly drive a hard bargain - 10 hours of negotiations just to buy a new car."

Lighter tax

Chancellor Lawson has abolished a tax in each of his Budgets so far, so speculation is growing as to which one will go next. Some of the tax experts at Price Waterhouse have come up with the Matches and Mechanical Lighters Duty.

The tax was first levied in 1971 to help the war effort. It currently takes the form of a fixed duty of 50p on each mechanical lighter sold. Matches are taxed at £1.15 per thousand (7,200 matches, in case you didn't know). It brings in \$20m a year and most people are unaware that it exists, which suggests that it can continue to lie low indefinitely. However, it is sufficient to cause the Government to figure high on any truly reforming Chancellor's list of priorities.

There is a snag. The duty is aimed at the cheap throw-away butane lighters in which the French specialise and favours the bigger, more opulent refillable lighters made on the English side of the Channel. Given the current animosity towards the French in some quarters of the Government, perhaps the lighter duty will be increased. But surely the present Chancellor is above that sort of thing.

Japanese ways

A friend who has an important business connection in Japan is wrestling with the problem of how to convey a message to Japan Airlines without causing an unacceptable loss of face. Perhaps this note will help.

The message is simply this: it is not a good idea to train their polite and helpful check-in girls to conclude the formalities with a broad smile and the hope that the customer will have a good journey, perhaps?

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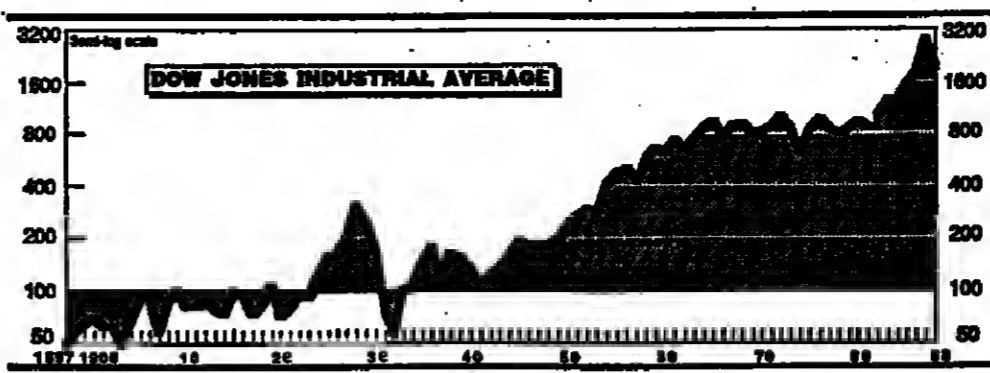
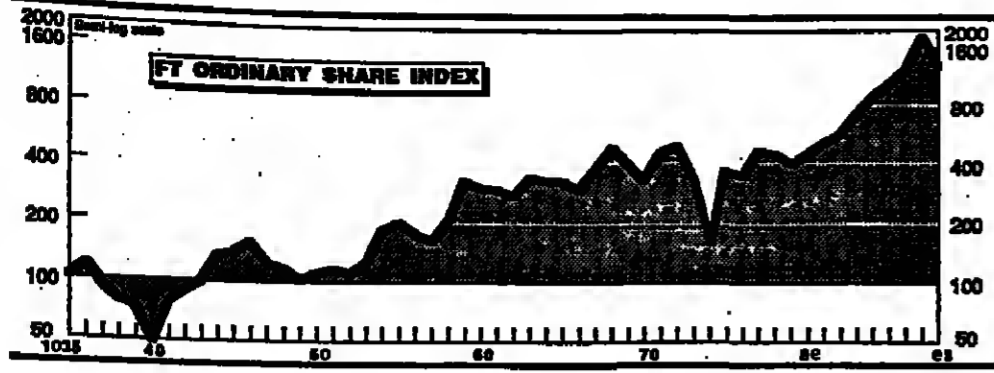
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ECONOMIC VIEWPOINT: By Samuel Brittan

Out come the warnings of doom

LAST OCTOBER'S stock market crash gave a boost to the industry of financial doom-mongering. But it has always flourished. Until last October a favourite question was: is there going to be another 1929? Now that we have had the equivalent of 1929 in the stock markets without falling from the edge of the universe, the question has switched to: is there going to be another Great Depression like that of 1929-33?

In fact, the 1929 Wall Street crash was an overrated event. Wall Street fell by more than 40 per cent from peak to trough in 1929, but then rebounded and had made up a third of the ground it had lost by early 1930.

A much bigger equity slump took place in London little more than a decade ago. Indeed the bottom was not reached until January 6 1975 when stock market prices were more than 70 per cent below their 1972 peak, even before allowing for inflation.

The steepness of the drop in London was, of course, due to special factors: not only the worldwide oil price explosion (this was before North Sea oil) but also the secondary banking crisis, the defeat of the Heath Government by the miners' strike and the threat that business might be wrongly seen in the policies of Tony Benn, then Industry Secretary.

In Wall Street in the run-up to the Great Depression, the really alarming market drops occurred not in 1929 but in the later months of 1930, in 1931 and the first half of 1932.

Is history going to repeat itself? It certainly did not take the 1987 crash to trigger warnings of another Great Depression. There were cries of doom when the central bank gold pool was abandoned in 1968 and at many other times before and since.

Nothing is easier than crying disaster. One day Cassandra will be proved right; and in the meantime she is given credit for a very adult lack of illusion.

Nevertheless, some of the doom-

sters have the virtue of at least drawing attention to economic behaviour not fully considered in the models used by national governments.

They divide on whether they see inflation or deflation as the main danger. But even those who worry about rampant inflation do not expect any compensatory gains in real growth. On the contrary they expect an explosion in asset values not reflected in output, and followed by a real decline outside the range of the official projections.

A non-fanciful doomsday bible has just been provided in *Blood in the Streets: Investment Profits in a World Gone Mad*, by James Dale Davidson, in collaboration with Sir William Rees-Mogg (Sidgwick and Jackson, £15.)

The book is no fundamentalist tract and is so moderate in its doom-mongering that there is no single chapter summarising the message. The title is taken from a slogan of Nathan Rothschild: The best time to buy is when blood is running in the streets.

Mr Davidson is cautious in his argument: "No economic upheaval of the magnitude we expect has been seen since the General Depression" is more careful than it is spine-chilling.

He lists 27 ominous parallels between today's conditions and the prelude to the Great Depression. But surely there are also differences. The US was already in recession when Wall Street crashed in October 1929. In October 1987, the US was in the middle of a real expansion, which has continued, despite predictions of recession, and has put pressure on capacity in important sectors.

Another difference is that in 1930 President Hoover signed into law the infamous Smoot-Hawley Tariff, which helped to transform the world recession into a depression. This time the much criticised President Reagan has undertaken - despite the large US trade deficit - to veto protectionist legislation and he reportedly has the support of enough senators to uphold his veto.

Obviously we must keep our fingers crossed and wait for the new President and new Congress.

One underlying thesis of *Blood in the Streets* is that the world economy only functions smoothly when one power is predominant: Britain in the 19th century, the US after World War Two.

The authors argue that, just as Rome perished from the burden of defending the empire, so the US has been undermined by the burdens of global involvement. Probably true; but more allowance needs to be made for the progress of mod-

There was far more alarm about the world economy after the oil price explosion of 1973-74 than there is now

ern technology, in permitting both guns and butter, compared with the stasis of the ancient world.

Their more specifically financial thesis is inflation will breed deflation: which you will not find just like that in Keynes, Friedman or any of the models.

Subtracting the mega-politics, the argument concerns expectations. In a world conditioned to be watchful of inflation, it is extremely difficult for governments or central banks to combat deflation. For expansionary policies, which might have been successful in maintaining spending power against a more stable background, simply produce more demanding such as higher interest rates and a free fall for the currency concerned.

The two main themes in the doom prognoses are warnings that major financial institutions and other corporations are insolvent; and alarm about the growth of credit.

Indeed *Blood in the Streets* contains a table of 36 US multinational-

als vulnerable to a breakdown in world order. The policy difficulty is that it is no longer possible to put a ring fence around the banks or even around financial corporations. A central bank wanting to give a cast iron assurance against the collapse of any deposit-taking institution would find itself giving an enormous open-ended guarantee, which would involve vast moral hazard and could turn out to be highly inflationary.

No operational theory seems to exist other than a game of bluff in which central banks - and the governments behind them - deliberately leave markets to guess which institutions will be bailed out in the event of insolvency.

Fears about runaway credit lead to an outright clash between the doomsters and the monetarists. While monetarists castigate the Fed for inadequate monetary growth in the late 1920s, the credit school says that policy was too expansionary and encouraged speculation.

A pointer to consensus does emerge from a more orthodox book, *The Great Depression Revisited* (ed Karl Brunner, Kluwer, Boston, 1981). This is that the world recession in 1929-30 cannot plausibly be blamed on monetary policy. Later on, however, the monetary collapse did help to convert the depression into a recession. The charge against the Fed is not deliberate tight money, but inadequate action to offset the wave of bank failures.

My reaction to such studies, as well as to recent events, is that none of the rules suggested for managing a paper money system is nearly good enough. Eventually, monetary policy will have to aim at preserving - but not increasing - a currency's value in terms, not necessarily of gold, but at least of a bundle of products. When this is

done on a worldwide scale, we will have the preconditions for a return to fixed exchange rates.

I am going to finish not with a prediction, but with a reminder that there was far more alarm about the world economy than exists at present after the oil price explosion of 1973-74, associated with the Yom Kippur War.

This was the time when a very level-headed Nobel Prize winner was sure that Middle Eastern oil producers would be masters of western Europe; when the British Prime Minister, Harold Wilson, was photographed bowing down to the waike as he greeted Prince Fahd, of Saudi Arabia, at London Airport.

The impact of higher oil prices was to raise consumer price indices everywhere; and catch-up claims by unions threatened to entrench double digit or even runaway inflation. On the other hand, the transfer of purchasing power, amounting to more than 2 per cent of the gross domestic product of OECD countries to a handful of oil-rich states with small populations and few opportunities for immediate spending, was recessionary in its implications. This was stagnation with a vengeance.

After many hesitations, and a second oil price explosion in 1979-80, policy makers chose the route of not accommodating inflation. But it was hardly painless. Although there was no depression, there was a decade of stagflation and post-war full employment came to an end.

The oil price explosion was the trigger, not the main cause, for the forces that were undermining the post-war golden age. In my own warnings about the economic contradictions of democracy, I have concentrated not so much on the financial mechanism as on the corrupting effects of interest group pressures. A related theme is the domination of collective bargaining by insiders at the expense of outsiders, who remain unemployed.

The financial pressures can, in the last resort, be traced back to these more fundamental influences.

Lombard A Lady not for ravishing

By John Plender

POLITICIANS who are disturbed at the prospect of television cameras eavesdropping on parliamentary debates in Westminster should take heart from an interesting experiment down-river. The result of the Bank of England's decision to let a herd of telefolk through its august portals appears, on the initial evidence on television this week, to be an altogether respectable documentary. Indeed, some highly placed folk in the Bank's hierarchy wish it had been a little more abrasive.

One can see their point. With Labour offering only unexciting opposition nowadays (and Gavin Laird of the Amalgamated Engineering Union on the Court of Governors and promoting the Old Lady with a splendid puff on camera) the real threat to the Bank probably comes from a different quarter. How long before the sight of all that pomp, splendour and non-computerised book-keeping causes some callow, iconoclastic youth in a right-wing think-tank to ask delicate questions? For example, what is the point of the Bank of England? And does the government really need to own it?

Much of the Bank's traditional function has, after all, been made redundant either by Mrs Thatcher or by the markets. To start with, the abolition of exchange controls did away with an army of employees - and much of the Bank's ability to influence errant industrialists through the discretion it enjoyed under the exchange control legislation. There is certainly no question of the present Conservative Government behaving like the rake in Gilray's original cartoon of the Old Lady - a thinly-veiled Pitt bent on plundering the Bank for war finance. With the Government's finances potentially in surplus for the first time in 20 years, the Old Lady's not for ravishing. How, one wonders, would Gilray portray the Government Broker if he were around today? Alas!

With privatisation, in high political sensitivities in high

finance has shifted from the gilt market to the equity market, which is not the Bank's direct responsibility. And the securities markets nowadays handle much more of the task of shunting resources from those with spare money to those who want to borrow: securitisation often cuts out the banking middleman. And where monetary policy is concerned, there is not much doubt where the balance of power lies between the Bank and Treasury. Mr Nigel Lawson is far from being a humble seeker and taker of central bankerly advice.

Of course the vagaries of economic fashion have delivered one or two boons to the Old Lady. The return to active management of exchange rates, for example, has re-opened an interesting area of (loss-making) potential. Prudential supervision remains crucially important in a global financial system that remains rickety. But the Young Turks in think-tanks would no doubt argue that these functions could be conducted perfectly well by a privatised central bank - perhaps to better effect if the Bank were obliged to try to generate profits from currency intervention.

Right-wingers might also see political as well as economic attraction in privatising monetary policy along Bundesbank lines. Creating a fully independent central bank would be a gigantic poison pill for any future Labour administration, in the same way that privatisation generally creates a fiscal policy nightmare for any government that deprives itself of privatisation receipts. That is the one think-tank proposal the Old Lady would love, because it is the very opposite of the political ravishment portrayed by Gilray. And it is one that Mrs Thatcher can be relied on not to deliver. A central bank in the politicians' pocket is worth several in a constitutionally impregnable bush. Which leaves Mr Roblu Leigh-Pemberton's Bank with an appropriately television-age problem: increasingly it is seen but not heard.

From Mr Ian Jones.

Sir, Joe Rogaly's article on the Baker reforms (February 12) draws attention to an important reason for Britain's relative shortfall in craft and technician-level skills (Letters, February 2 and 9).

In the UK, as in Germany, such skills are traditionally acquired in employer-based apprentice training. Apprentice employment in the UK, however, has been significantly inhibited by the relatively high rates of pay enjoyed by British trainees.

In the early 1980s (the position is unlikely to have changed radically since then), trainee earnings relative to adult employees were approximately two to two-and-a-half times higher in the UK than in Germany. The disincentive effect of such high rates of pay on employers has, as is well attested, been what by the Youth Training Scheme (YTS) which subsidises both apprentice and non-apprentice training.

But as the wage-related disincentive to offer training weakens, it is likely that the supply of adequately qualified school-leavers will be recognised as a

Letters to the Editor

Education crisis includes the YTS

major constraint on skill formation. This problem is clearly signalled in the findings of recent research undertaken on behalf of the Manpower Services Commission (referred to in an article on February 8 on your Employment page). This - and other MSC-sponsored research suggests that in the 1985-86 YTS year, perhaps one fifth of all trainees on the scheme were following "apprentice-type" training programmes, typically offering the opportunity to acquire City and Guilds or equivalent qualifications.

Most of the remaining YTS trainees undertook more basic "foundation" training, of these above interest rates even higher ("to protect the pound").

Contrast Japan, a country preoccupied with low interest rates. Setting aside cause-and-effect for a moment, postwar Japan has been characterised by relatively low consumer demand ("high savings ratio"), spilling over into huge trade surpluses. Japanese industry has used cheap money to invest in exportable consumer durables, creating a huge trade surplus already benefitting from orthodox protectionism. The internal political response has been to suppress interest rates even further in order to stop

There is clearly no "quick fix" solution to the problem of the grossly inadequate performance of UK schools in educating the bottom half of the ability range. Given the difficulties of reforming the system from within, Mr Rogaly's article identifies - it is appropriate to consider how other policy instruments might be used to secure the necessary improvements.

One such is YTS itself. If eligibility for YTS were made conditional on the attainment of standards of competence in a range of core subjects specified by the Manpower Services Commission (not the Department of Education and Science) this might concentrate minds in schools - as well as emphasising the importance of the provision of high-quality training.

Adoption of this approach would mean the sacrifice of YTS as a scheme which guaranteed an opportunity for all concerned, irrespective of attainment. But perhaps the crisis in education is serious enough to justify this kind of radical step.

Ian Jones
National Economic Research Associates,
18 Park Street, W1

EC will take a constructive approach to member states' problems

From the Vice President of the Commission of the European Communities.

Sir, Your editorial on tax approximation within the EC ("Lord Cockfield asks too much," February 17) appears to follow closely the views expressed in the analysis by the Institute for Fiscal Studies to which you refer. It contains three serious flaws: First, it is both inaccurate and misleading to accuse the Commission of pursuing uniformity for its own sake. Uniformity is precisely what we do not propose. For the VAT, we propose instead approximations within certain bands. The spread we suggested was mod-

elled on the US experience of market forces at work without frontier controls - in other words, the US example supports rather than contradicts the Commission's approach.

Second, you omit any reference to a crucial element in our proposals. Far from not recognising that they may well wish to be granted derogations and we have made it clear that we would take a constructive approach in discussing such requests. It is strange that this crucially important point, made in the 1985 White Paper and repeated in the Communication accompanying our recent proposals, is invariably ignored by commentators in the United Kingdom.

Third, the cross-border shopping problems are not the only ones created by widely differing tax rates when frontiers are abolished. Nor can it be dismissed as lightly as you suggest. Serious difficulties already arise on certain land frontiers and these would become quite intolerable once frontiers disappeared unless taxes were approximated. You simply cannot generalise from the specific UK case where geographical separation itself imposes some limit on trade deflections.

The Commission's proposals are a serious attempt to deal with the real problem of the fiscal consequences of abolition of frontier controls. We have always said that we would welcome any better ideas others can come up with providing they are consistent with the Treaty commitment to abolish the frontiers.

So far nobody has done so. Indeed, a committee of high level experts appointed by the member states came to the conclusion that there was no alternative to what the Commission is proposing.

Cockfield,
Rue de la Loi 200,
B-1049 Brussels,
Belgium.

The new honesty is to admit that governments cause inflation

From Mr Christopher Meakin.
Sir, Addressing your 100th birthday party, the Chancellor of the Exchequer said the Keynesian-monetarist debate is dead. At last we can all move on to the next agenda item, as if, of course, Mr Tim Johnson (Letters, February 15) proposes an appealing line of argument that manipulating interest rates does not reduce inflation, but exacerbates it.

Perhaps a new wisdom really is emerging. Stop-Go Britain was characterised by high money supply/inflation boosting consumer demand ("overheating"). This spilled over into trade deficits ("eucking in imports"), because domestic industry had not invested enough, especially in fast-changing, easily-traded durable

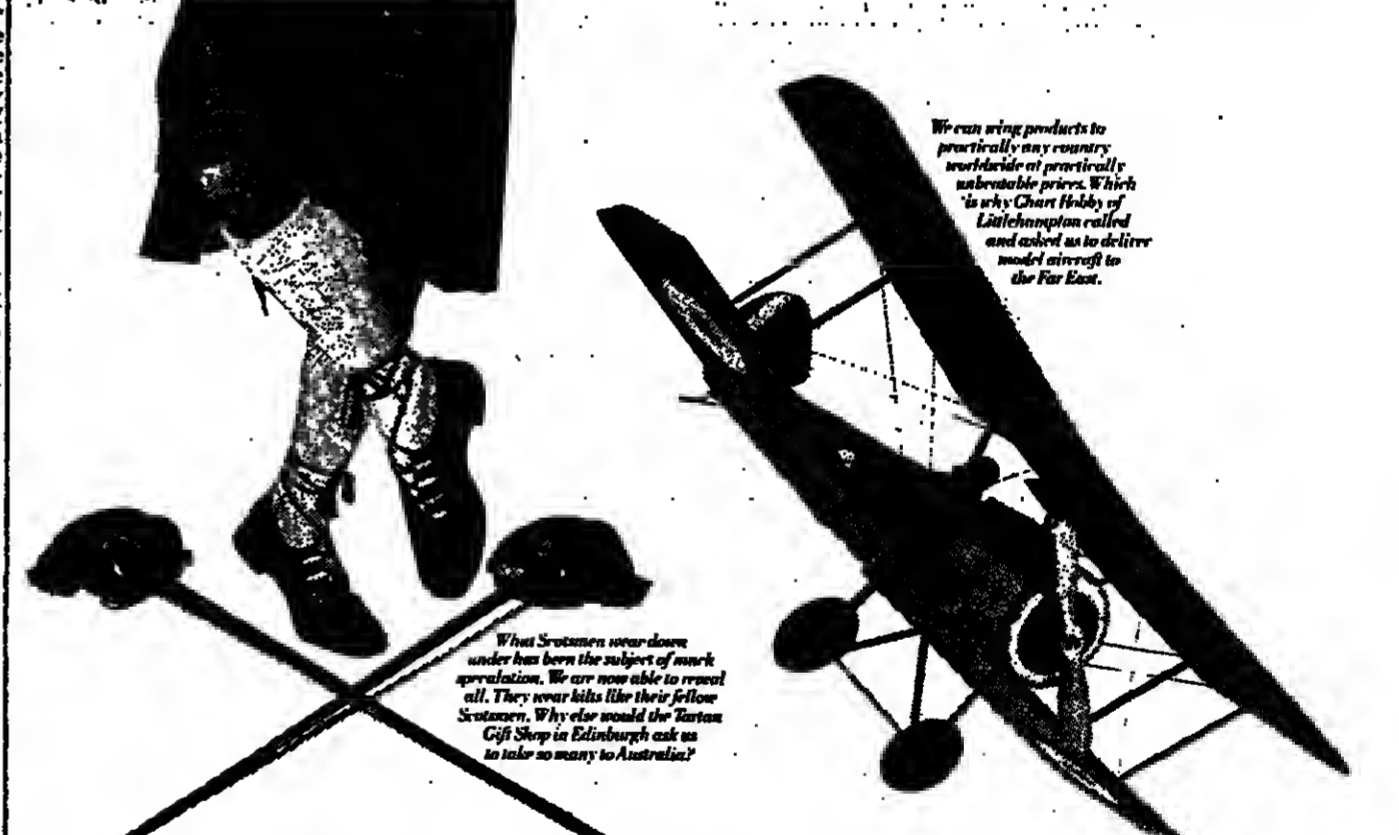
consumer goods. The orthodox political response was to blame industry, divert yet more resources into the public purse ("demand management"), and allow interest rates even higher ("to protect the pound").

Contrast Japan, a country preoccupied with low interest rates. Setting aside cause-and-effect for a moment, postwar Japan has been characterised by relatively low consumer demand ("high savings ratio"), spilling over into huge trade surpluses. Japanese industry has used cheap money to invest in exportable consumer durables, creating a huge trade surplus already benefitting from orthodox protectionism. The internal political response has been to suppress interest rates even further in order to stop

the yen rising. The external political excuse has been to declare that Japanese are different from the rest of us.

So to cause-and-effect. The new honesty of the Thatcher "revolution" has been an admission that inflation is caused by governments, not by society/overheating/trades unions/any other convenient whipping boy. Specifically it has admitted that governments fund their electoral promises through the "funny money" illusion. Chancellor Lawson has discovered he can actually make tax cuts which are non-inflationary even when consumption is rising.

In contrast, the orthodoxy of the Thatcher "revolution" has been, as Tim Johnson argues, to



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Human rights on Moscow agenda

BY BRUCE CLARK IN LONDON

THE US expects to see human rights at the top of the agenda when Mr George Shultz, the Secretary of State, meets Mr Eduard Shevardnadze, the Soviet Foreign Minister, in Moscow on Sunday, a senior US official said yesterday.

Ms Rozanne Ridgway, Assistant Secretary of State for European Affairs, said on satellite television that strategic arms cuts and Soviet withdrawal from Afghanistan would be the other key issues.

The emphasis on human rights seems certain to irritate Moscow.

The Soviet Government expressed impatience with the references to humanitarian issues made by Sir Geoffrey Howe, the British Foreign Secretary, in Moscow earlier this week.

Ms Ridgway said she did not think that a definite date for the next Soviet-US summit, expected to take place in Moscow in the summer, would come from Sunday's talks.

She reiterated President Reagan's commitment to seek a strategic arms agreement in time for the next summit, but added that "we are not dealing with a deadline."

Ms Ridgway cautioned that Soviet-US efforts to agree on cuts in their strategic arsenals faced "tough issues", particularly over verification.

On human rights, she said that "we have acknowledged some steps the Soviet Union has taken that are to be welcomed, but we are concerned that what seems to be a tenden-

cy... to substitute process for substance."

By "process", she may have been referring to the Soviet Union's call for the convening of an international human rights conference in Moscow, and to the activities of its officially sponsored Soviet Human Rights Commission.

About 8,000 Jews were allowed to leave the country last year, an increase over recent years, but far below the 1970s peak of some 50,000 per year.

Ms Ridgway insisted that there were no major differences of approach between the Nato allies over arms control.

Mr Helmut Kohl, the West German Chancellor who arrived in Washington today, did not favour a "triple zero" option

Britain and Ireland make joint pledge on terrorism

By Michael Cassell in London and Kieran Cooke in Dublin

THE BRITISH and Irish Governments yesterday expressed their deep concern at the strained relationships between the two countries but pledged their determination to defeat IRA terrorism and to co-operate on cross-border security.

Mr Tom King, the Northern Ireland Secretary, told the House of Commons in London that possible disciplinary proceedings against members of the Royal Ulster Constabulary, alleged to have been involved in a "shoot-to-kill" police in 1982, are to be the subject of two new inquiries.

It was being emphasised in Whitehall, however, that Mr King had made it clear that of another lengthy investigation process along the lines of the Stalker-Sampson "shoot-to-kill" inquiry, and that results were expected within about two months.

In the first reaction from Dublin last night, Mr Ray Burke, the Minister for Energy, said the Irish Government was "absolutely not assisted" with Mr King's statement. It would continue to press for the prosecution of those RUC officers known to have been involved in a perversion of the course of justice.

However, Mr Jerry Collins, the Minister for Justice, said the Government could only hope that Mr King's assurances would be implemented in the absence of any further information.

Earlier, Mr Charles Haughey, the Irish Prime Minister, criticised in the Dail, the Irish parliament, the British Government's refusal to prosecute officers of the RUC and its failure to adhere to new Irish extradition proceedings.

He said that the extradition of terrorist suspects from Ireland to Britain would not take place until the British Government changed its attitude, but he also re-iterated his own government's continuing commitment to the 1985 Anglo-Irish agreement, which gives Dublin a say in the affairs of the North.

It is understood that the British Government is pressing for an early meeting at official level in an attempt to resolve the problem.

Both Mr King and Mr Haughey yesterday emphasised that while the two countries had reached an impasse on certain specific security issues, overall Anglo-Irish relations had improved and that the logic of his empire in its present form. This may be mere

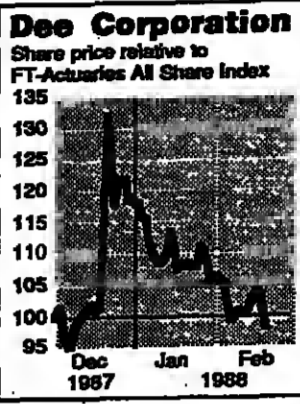
THE LEX COLUMN A close call on Birmid

When the outcome of a bid battle is determined, not by price or commercial sense, but by the arithmetical abilities of a stockbroker's clerk, the rules would appear to be seriously wanting. If Birmid Quotest has won its fight for independence after all, it should address its thanks not to its shareholders but to its advisers for insisting that the Panel should check Blue Circle's claimed wafer-thin majority.

Whatever went wrong in the counting room at Hoare Govett, the incident questions a system in which all the judging is done by the bidder and its home team. In particular, the present arrangements, which demand a speedy announcement of the result, do not seem finely enough tuned to cope with such a close outcome.

Perhaps the lack of independence of the receiving banks and brokers does not matter given that their professional reputations hinge on doing a good job. Adding unnecessary complexity to a system which works efficiently in the vast majority of cases might also seem an unduly severe reaction. The problem only arises in the rare instance when the margin between success and failure is tiny, and, in such cases, to call in independent arbitrators would seem well worth the extra fuss.

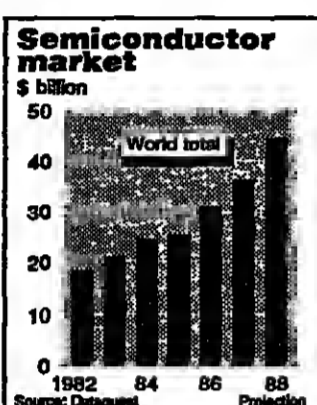
If a mistake has been made in the Birmid battle, it is not just Hoare Govett, which has already been told off once by the Panel over its dealings in Birmid shares, that will suffer. Barings must be regretting placing that gloating quarter page advertisement in Monday's newspaper congratulating itself on the "finely judged, finely executed" nature of the bid.



market is facing what might have proved a trying week for a convalescent - a total of £160m in new issues from AMI and three other companies - there seems to be ample demand for all of it. But at a price, of course, since last October, valuations have fallen off more steeply for new issues than for the market overall and it is hard to see them closing the gap quickly. Investors seem to take the view that, while it is just possible that nothing will go wrong today, or even tomorrow, something will certainly go wrong the day after. The success of this week's issues may alleviate that gloom, and encourage the merchant bankers; but the stigma, not to mention the institutions, look like being slow to take heart.

There is a worldwide shortage of Drams reports Louise Kehoe in San Francisco Famine bites computer makers

A DRAMATIC SWITCH from



from fact to famine has occurred in the billion dollar market for critical computer memory chips. Major computer makers, who are scouring the world for new supplies of dynamic random access memory (Dram) chips blame a combination of economic, technical and political factors for a shortage that is already slowing their production lines and threatens to get worse.

Just 18 months ago, the world was awash in Dram chips. The US Government was accusing Japanese producers of "dumping" the data storage devices below cost, while US chip makers kept their backs turned on this critical segment of the semiconductor business claiming that it would never again be profitable.

Today, in stark contrast, Dram prices are soaring. Japanese producers are being begged to increase their exports, and US chip makers are forming partnerships with producers in the Far East to increase supplies. The "Dram dearth" has been caused by a combination of higher than anticipated demand and supply problems, according to the industry analysts. Soaring sales of personal computers and computer workstations have produced a significant rise in demand, say Dram suppliers.

This increase has, however, coincided with a production transition among chip makers from the established 256K Dram to the next generation product - a Dram capable of storing one megabit or four times as much as the Japanese chip makers, who are the major suppliers of Drams, are in the

midst of switching their production lines from 256K chips to the new megabit chips.

The transition has not, however, gone smoothly, according to industry analysts. Megabit chips have proved to be more difficult to make than expected, and production yields are suffering. Growing demand for these high capacity memory chips has driven prices from around \$16.50 last September to over \$20 this week. Some buyers, desperate for chips, are paying over \$30 for one megabit Dram, according to Dataquest.

Exacerbating the supply problems are the residual effects of limits set by the Japanese Government last year in response to frictions with the US over trade. Although Japan's Ministry of International Trade and Industry lifted its production limits in the fourth quarter of last year, chip producers have been unable to increase production fast enough to meet growing

demand.

Worst hit by the chip shortage are small-to-medium size computer and electronics companies which normally obtain their chips through distributors. These distributors, who themselves are on allocations from chip producers, are currently turning down Dram orders from all but their largest customers. Even major computer firms have, however, been affected by the Dram shortage.

Hewlett-Packard has been forced to delay deliveries of computer equipment to internal customers, although the company is keeping up with shipments to outsiders, company officials said. "The situation is quite serious, particularly with one megabit parts," said a company spokesman. The company is actively seeking new suppliers.

Also badly affected by the Dram shortages are the companies that make circuit boards for the computer industry. In this sector, one of the largest Dram buyers in the US is said to be so short of parts that it has been forced to cannibalise old circuit boards. Sun Microsystems, the leading manufacturer of computer workstations said that its production had been limited by the chip shortage.

"We would be a bigger company and shipping more computers if we had a greater availability of Drams," said Mr Scott McNealy, Sun's president.

Compaq Computer has also felt the effects of the dearth. The company's production of high performance personal computers has been limited by the chip supplies. "We are supply

Bush born again in New Hampshire

Continued from Page 1

of being tough for ironworkers. In 1984, the "incurability" of Vice-President Walter Mondale's selection as Democratic nominee was punctured when he lost to Senator Gary Hart; in 1980, Mr Bush's post-Iowa balloon was deflated by Ronald Reagan; in 1972 Senator Edmund Muskie was cut down to size by Senator George McGovern; never to recover; in 1968, President Lyndon Johnson's narrow squeak over Eugene McCarthy helped to prompt his withdrawal from the race.

On Tuesday night, however, President Reagan, at least in spirit, rode to his Vice-President's rescue. Polling data showed that if there was one group of voters who cast their ballots overwhelmingly for Mr Bush it was those who said they were strong supporters of Mr Reagan. Conservative New Hampshire is still a hotbed of Reaganism and the President still receives 80 per cent approval ratings from New Hampshire's Republicans.

The President's loyal deputy was saved from defeat by a combination of Mr Reagan's popularity in a state which has been enjoying an economic boom, Mr Bush's strong campaign organisation and the support of the local Republican Party establishment, as well as his status as a "favorite son" with family ties in New England. He also

DEMOCRATIC	REPUBLICAN
Dukakis	44.50
Copeland	33
Gore	10.55
Jackson	9.90
Babbitt	4
Hart	0
Uncommitted	274.40
Needed to nominate	2,082
Total delegate votes	4,162
Chosen thus far	415.25
Yet to be chosen	3,746.75

seems to have commanded the backing of voters who see themselves as conservative, NBC's polling data show. This may help him in the southern primaries and caucuses next month.

But, as Mr Robert Squier put it with the degree of objectivity reserved for Democratic political consultants, New Hampshire's primary has not obscured the fact that Mr Bush remains a weak campaigner, whatever other attributes he has as a candidate.

Indeed it was the Vice-President himself who best described his problems on the day after his crushing third place finish in Iowa behind Mr Dole and Mr Pat Robert-

son, the former television evangelist.

Mr Bush and his advisers had been so shaken by that setback that they seemed not to know how to respond. For a couple of days their natural tendency to resort to gimmicks to influence the voters resurfaced in a mass who had been cruising the country in White House aircraft and using the stature of his office as a political prop was being pelted on television driving snow ploughs, articulated lorries and fork-lift trucks as he tried to steal the news coverage from Mr Dole.

In the midst of this frenetic attempt to refurbish his image, Mr Bush plaintively issued a statement which at the time sounded for all the world like an epitaph for his campaign rather than a rallying cry.

"Maybe in some ways I'm a little less tactician than I could be... but let me tell you, don't take that private side of me for lack of passion," he said. He added "I don't always articulate but I always feel and I care too much to leave now. Our work isn't done."

What may well have turned the race in his direction however, as well as exciting Mr Dole's scorching comeback, was a series of hastily patched together television advertisements which accused the senator of indecision on issues dear to the hearts of New Hampshire voters.

In particular, Mr Bush's campaign charged that Senator Dole was a man who would raise taxes to tackle the budget deficit. In one of only two states with no income tax, it was a piece of mind that struck. Polls indicated that Dole was the Vice-President in the final few days of the campaign when this negative advertising began to air.

Senator Dole and his advisers are bitterly disappointed. Having come within a few thousand votes of undermining the Vice-President's credibility as a candidate, they must now go through the same agonising reappraisal of their tactics that Mr Bush has just endured.

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Location	Temp	Wind	Cloud	Pressure
London	10	10	10	10
New York	15	15	15	15
Tokyo	20	20	20	20
Sydney	25	25	25	25

Ford strike set to end

Continued from Page 1

on Merseyside in north-west England and employ two-thirds of the manual workforce. It was shop-stewards' opposition which two weeks ago overturned the national union leaders' recommendation to accept a three-year agreement.

At Dagenham, shop stewards at the assembly plant, which employs about 4,000, will recommend rejection. In 1986 workers there voted to accept a two-year deal despite the stewards' recommendation to reject it.

However, stewards at the engine plant and the small export plant said they expected an overwhelming vote to accept the deal.

Stewards representing 8,000 workers at Halewood were recommending rejection because they felt the company could afford to improve its pay offer and cut working time. They predicted a close vote in favour of the agreement.

At Dagenham, one of the key Bridgend engine plant, one of the most militant plants, will recommend acceptance.

Several hundred workers at Land Rover, the Birmingham based vehicle maker walked out for 30 minutes yesterday after the company disclosed it had conducted a private poll to test support for strike action.

Saudi oil industry

Continued from Page 1

used to be very active in the operation through the Delaware-based Aramco Services Company (formerly known as Sarnco) and been paid for assistance on a per barrel fee basis.

As a start, the Ministry of Oil and Minerals is in the process of merging lubric blending and marketing facilities plants into a separate company.

It is understood that Mobil, which has a minority stake in the Petromin Lubricating Oil, will have a proportionate interest in the amalgamated entity.

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SECTION II - COMPANIES AND MARKETS

FINANCIAL TIMES

Tuesday February 18 1988

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Aetna up 5.5% at \$228m but Cigna slips to \$190m

By James Buchan in New York

AETNA LIFE & Casualty and **Cigna**, two of the largest US composite insurance companies, reported mixed fortunes in the 1987 fourth quarter because of the turmoil in financial markets and dismal conditions for health insurance.

But the two companies, which are the first and third largest shareholder-owned insurers, continue to enjoy strong results from their property/casualty business despite growing competition.

Aetna said yesterday that its net income from operations rose only 5.5 per cent to \$228m or \$1.98 a share in the December quarter, to give earnings for the year of \$87m or \$7.48 a share as against \$71.4m or \$6.18 a share.

But Aetna had to realise a loss of \$20.2m on its portfolio of stock and bonds in the turbulent markets of the fourth quarter while various extraordinary items reduced net income to

\$197.6m or \$1.71 a share as against \$284.9m or \$2.48 a share. Final net income for the year fell from \$1.04bn or \$9.12 a share to \$920.6m or \$7.95.

Cigna suffered a fall in operating earnings from \$205.5m or \$2.43 a share to \$190.8m or \$2.31 a share in the fourth quarter, to give a 1987 operating result of \$681.3m or \$8.06 a share as against \$534.9m or \$5.94 a share.

But the company had realised losses of \$32.5m in the quarter, which helped reduce final net income to \$154.7m or \$1.90 a share from \$317.1m or \$3.90. The full-year result was \$728.3m or \$8.64 as against \$817.3m or \$9.92.

Insurance premiums fell in the fourth quarter at Aetna, from \$4.31bn to \$4.25bn, and rose only modestly at Cigna, from \$3.21bn to \$3.49bn. Income on the investment of these premiums was weak because of the turbulent mar-

kets, with an increase of only 6.6 per cent at Aetna and 3.9 per cent at Cigna.

Both companies enjoyed strong results from property/casualty underwriting, although the recovery in premium rates has faltered amid increasing competition.

Property/casualty operating income in the fourth quarter at Cigna rose from \$69.7m to \$104.6, although this included \$29.8m in special tax benefits. At Aetna, earnings from commercial insurance rose from \$62m to \$95m, while automobile and homeowners insurance also improved.

But spiralling health-care costs and weak premium increases cut deeply into group health insurance profits, with a decline in fourth-quarter operating income from \$64m to \$11.7m. Aetna's employee benefits division saw operating earnings fall from \$87m to \$61m.

Johnson & Johnson profits up to \$833m

By Our New York Staff

JOHNSON & JOHNSON, the large US health and household products company, earned \$163m or 96 cents a share in the last quarter, 15 per cent up on the \$142m or 82 cents made from operations a year earlier.

The company's quarterly sales increased by 16 per cent to \$2.03bn.

For 1987 as a whole, Johnson made net profits of \$833m or \$4.53, an increase of 17 per cent on the previous year's \$710m or \$3.98. The group's annual sales were 14 per cent up at \$8.01bn.

The 1986 results used for comparison excluded one-time charges of \$390m in the year as a whole and \$45m in the fourth quarter.

As a result of these charges, Johnson's reported net profits in 1986 were \$520m for the full year and \$97m for the fourth quarter.

Johnson's international sales increased faster than domestic sales, largely as a result of currency translation benefits from the lower dollar.

For 1987 as a whole, domestic revenues increased by only 4.9 per cent to \$4.17bn, while international business surged ahead by 26.9 per cent to \$3.84bn.

Johnson said the fall in the value of the dollar accounted for \$367m of revenue gain in 1987.

Earlier this week, the company reported it had agreed to pay \$725m for most of the assets of Playtex, the US personal products group, taken private in a leveraged buyout 14 months ago.

Analysts said the acquisition of the Playtex Holdings unit which makes tampons would enhance Johnson's position in a fast-growing and profitable segment of the \$1.6bn sanitary protection market.

UK'S TAKEOVER PANEL ORDERS INQUIRY INTO COUNT IN BIRMID BID BATTLE

Doubt over Blue Circle 'victory'

By Michael Smith in London

THE OUTCOME of the £275m (\$467m) takeover battle between Birmid Quilcast, the British home products group, and cement company Blue Circle was last night thrown into confusion after the Takeover Panel ordered an investigation into the count.

The inquiry by the Panel, which monitors UK takeover activity, centres on fears that Blue Circle's victory claim last week may have arisen because of double-counting of Birmid shares which Hoare Govett, Blue Circle's broker, bought in the market.

Hoare was unavailable for comment but it is understood that the mistake, if confirmed, could deprive Blue Circle of victory in what has become one of the closest bid contests in UK corporate history.

The broker discovered its "arithmetical error" on Tuesday after the Panel asked Blue Circle and its advisors to undertake a full review of purchases and acceptances from Birmid shareholders, National Westminster Bank, Blue Circle's receiving bank, was yesterday checking the figures.

Mr Alan Emson, Birmid finance director, was yesterday answering the telephone with the greeting: "Hoare and company," Birmid was doing nothing "until the powers-that-be check everything" but he hoped it could escape with its independence.

Confirmation of an error would severely embarrass Hoare, which last year was rebuked by Panel because of earlier share purchases in Birmid. Last March the Panel said the broker breached the takeover code when it bought Birmid shares, on behalf of Hepworth Ceramic, from Hoare Govett Securities, the market-making arm of its parent.

The inquiry also focuses attention on a system which relies on a bidding company and its advisors to conduct the count in takeover battles. Corporate financiers were speculating yesterday that the investigation may lead to demands for independent scrutineers in future takeovers.

Birmid's request for a Panel check on the final stages of the bid resulted from the narrow margin of Blue Circle's claimed victory rather than from any suspicion of a rules infringement. After the bid closed on Saturday the cement company claimed to own, or have acceptances from, owners, of 50.01 per cent of Birmid equity.

This meant that of 72.25m shares in issue, Blue Circle exceeded the 50 per cent winning post by just 9,300. The decision of just one shareholder could have swayed the vote.

Blue Circle believes it can win

even if double-counting is shown. When it claimed victory on Saturday it did not include in the 50.01 total about 40,000 shares which Hoare Govett had bought, because the ownership transfer forms had not been received. Another block of shares was not included because previous owners had filled in the forms incorrectly.

Rule 10.5d of the Takeover Code states that share purchases may be counted only if "an executed form of transfer... has been delivered to the offeror." Blue Circle will, however, argue that Hoare held binding purchase contracts and the relevant share certificates.

Mr Antony Beever, Panel director-general, hopes a ruling can be made by the end of the week. An appeal is expected and is likely to be heard by the Full Panel early next week.

Lex, Page 16

Navistar jumps to \$59m but misses target

By Anatole Kaletsky in New York

NAVISTAR International, the leading US manufacturer of heavy trucks, earned \$59.7m or 21 cents a share from continuing operations in its first quarter ended January 31, compared with \$14.3m or 5 cents a year earlier.

Despite the four-fold profits increase, the company's performance fell below its own expectations.

Mr James Cotting, chairman, said the latest results had fallen \$15m below target.

He attributed the shortfall to higher than planned start-up costs at two facilities - a foundry in Indiana and a paint shop in Ohio.

He added that the build-up of production at the two plants was expected to continue until May.

Spurned Campeau raises Federated tender offer

By David Owen in Toronto

CAMPEAU, the Canadian property group, yesterday responded to the latest rejection of its bid for Federated Department Stores of the US by formally increasing its tender offer for Federated stock to US\$61 a share from its \$47 opening bid. The new offer will expire at midnight on March 1.

The rebuttal was described as "outrageous" by Mr Robert Campeau, Campeau's outspoken chairman. On Tuesday, Federated rejected an increased \$66 a share cash offer by Campeau.

However, Campeau made clear yesterday that if Federated agreed by midnight on February 21 for Campeau to acquire all outstanding Federated stock, the price to be paid in the tender offer would be \$66 a share.

Analysts interpreted Campeau's latest tactic as a further

attempt to put pressure on the Federated board to maximise shareholder value by agreeing to be acquired in full.

Mr Harry Ramala, of Merrill Lynch Canada, said: "There is a big difference between taking the whole company and just a controlling interest."

Federated had also said on Tuesday that it was considering a restructuring plan, which would involve the sale of most of its non-department store assets, the possible issuance of preferred stock, and either an extraordinary dividend or the repurchase of more than 50 per cent of its outstanding stock.

In rejecting Campeau's \$66 offer, Federated said its board concluded that Campeau did not have the financing for such a transaction and that its ability to arrange financing continued to be questionable.

ITT hits \$447m on STC sale

By Our New York Staff

ITT, the biggest US conglomerate which is divesting businesses to regain its profit momentum, reported a quadrupling of fourth-quarter earnings to \$447m or \$3.01 a share, thanks to a big capital gain on the sale of its UK telecommunications operation.

The group, which has businesses spanning industrial production, hotels, forest products and financial services, booked a gain of \$252.8m or \$1.68 a share on the sale of its 24 per

cent interest in STC. Even without the gain, earnings were well ahead of the \$101m or 66 cents a share recorded in the 1986 fourth quarter.

Revenues were up 9.3 per cent at \$5.2bn in the quarter, including a 7.7 per cent increase in insurance and finance revenues to \$2.8bn.

For the year, in which all of ITT's main businesses, except defence technology, advanced, the company reported earnings, including the STC gain, of

\$1.02bn or \$6.76 a share, against \$494m or \$3.23. Revenues rose 12 per cent to \$19.5bn, with a contribution of \$1.1bn from insurance and finance, also up 12 per cent.

ITT's 37 per cent share in Alcatel, the Continental European joint venture which absorbed the company's telecommunications equipment business in 1986, contributed \$73m or 49 cents a share last year, against \$56m or 37 cents.

Telerate expansion in Italy

By John Wyles in Milan

TELERATE, the leading US supplier of computer of financial information services, is to combine forces more directly with Radiocor, its smaller Italian counterpart which was acquired by Olivetti in October 1986.

The two companies' present joint venture, Telerate Italia Srl, will be fully acquired by Radiocor as part of a deal in which Telerate will take a 46 per cent stake in the Italian parent company.

This will be achieved through a L6.8bn (\$5.4m) capital increase to be purchased entirely by Telerate.

The US supplier is majority owned by Dow Jones, the US business publishing group which owns the Wall Street Journal.

Radiocor will maintain its present structure and continue to operate as a press agency.

Remy waits for Martini bid reaction

By Haig Simonian in Frankfurt

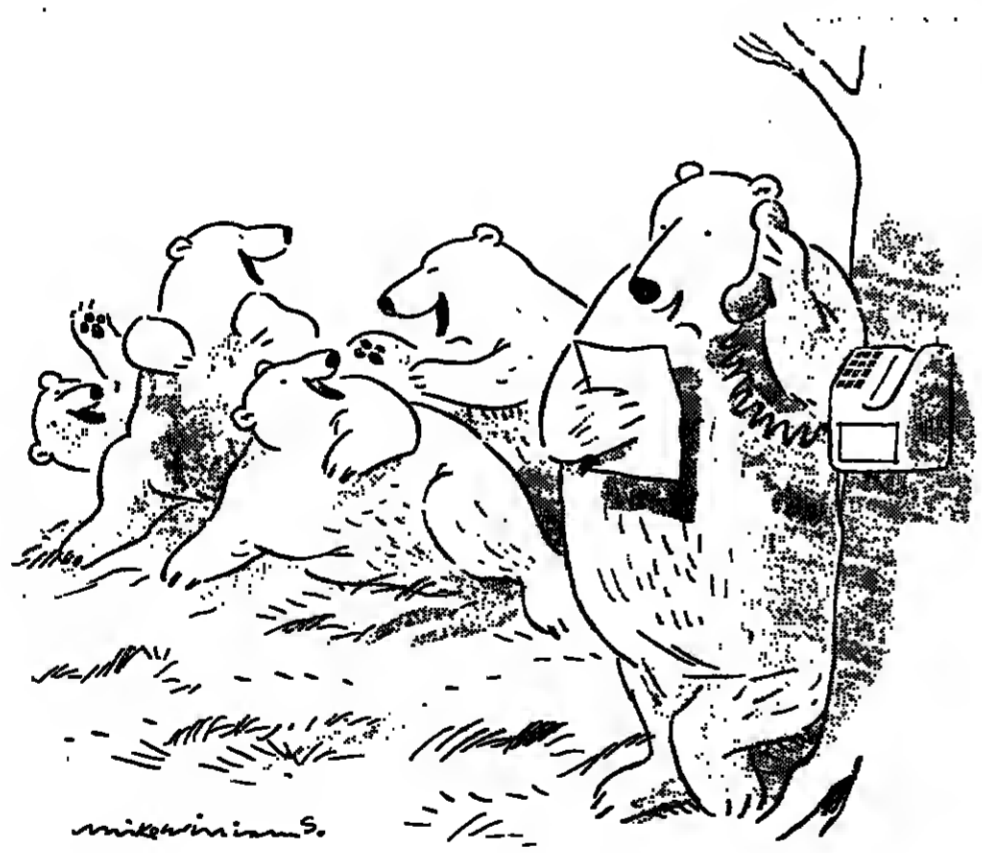
REMY MARTIN, the family-owned French cognac company which is bidding to buy Benedictine, the French liquor concern, is waiting for the government's response to a rival offer from Martini before deciding whether to raise its bid.

"It is too early to answer whether we will make a further offer", said Mr Marc Harriard-

Dubreuil, co-president of the group at meeting with German analysts in Frankfurt yesterday.

The offer by Martini, which is technically based in Switzerland, needs French government approval because it comes from outside the European Community.

Mr Harriard-Dubreuil repeated his company's desire eventually to go public. A notation could either involve Favis, the family holding company which owns 51 per cent of E. Remy Martin, the cognac producer, or Remy & Associates, which controls the group's other wine and spirit interests and is wholly owned by E. Remy Martin.



Contrary to popular opinion, not all bears look alike.

Neither do global asset managers if you examine them carefully. For example, the Julius Baer Group, which has over 40 years experience in international portfolio management. Headquartered in Zurich, Bank Julius Baer also operates in London and New York, bringing together a strong team of international money managers and state-of-the-art technical facilities.

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All these securities having been sold, this announcement appears as a matter of record only.

NEW ISSUE

February 1988



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SOLAGLAS

FINANCIAL CONTROLLER

SOLAGLAS MIRRORS

Solaglas Mirrors, the market leader in the manufacture of mirrors, is a dynamic and vigorous organisation, part of the Supply and Manufacture Division of Solaglas Limited.

Continued growth and development has led to the need to appoint a Financial Controller who will report to the Operations Director and take a proactive and leading role in the executive management of the business.

Candidates will be qualified accountants, aged 30-45 with strong business acumen and

substantial industrial experience. They will be good communicators and able to demonstrate leadership qualities with the ability to interpret and analyse financial information for the benefit of the business as a whole.

An excellent remuneration package will be offered to secure the right candidate.

Location: Coventry

Please write in confidence with your career and salary details, quoting ref. PS2, to David M. Pennington.

KPMG Peat Marwick McLintock

Executive Selection and Search
7 Tib Lane, Manchester M2 6DS

Company And Investment Analysts
Julie McCormick West
Business and Communications Strategists
are reviewing their personal requirements for the coming year.

If you are able to meet the demanding role of combining self-motivation and the highest professional standards in an entrepreneurial environment that can produce high yields for both our clients and staff, then you may be a potential member of our team.

If you would like the opportunity to be included in our plans then write to Julie McCormick West, 18/19 Southampton Street, Covent Garden, London WC2E 7JA enclosing a brief CV.

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Croydon

Mondial Assistance is a leading European Recovery Organisation which provides help to travellers in an emergency. Its UK operation commenced in Croydon in 1980 and has grown steadily since that time, with much of its business being devoted to operating recovery services for quality car manufacturers in the UK and providing assistance to travellers abroad.

As finance principal you will report to the Managing Director and in addition to the day-to-day control of the finance function and the production of Financial and Management Accounts, you will play a full part in the running of the Company.

The nature of the product means that large volumes of documents must be processed through the finance function and the success or failure of

to £30,000 plus Executive Car

this aspect of the business has a material impact on the operation of the company.

Candidates should be qualified accountants aged up to thirty-five with a service industry background in a customer oriented organisation. Experience of successfully applying I.T. techniques to finance administration will be an added advantage.

If you are interested in this position please send a comprehensive career/salary history quoting reference 87/107 to:

E. P. Lardex,
Simpson Crowden Consultants Limited,
Specialists in Executive Search & Selection,
Warwick Chambers,
14 Corporation Street,
Birmingham B2 4EN.

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CONSULTANTS

IT Business Accountant

A key role in a new business
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In recognition of the strategically important convergence of hardware and software in the communications industry, an Information Technology Division has been established within British Telecom West End District - which is a largely autonomous part of the corporation with an annual turnover of more than £200 million.

The Division, which is about a year old now, is very much an independent business in its own right, fully accountable and having separate financial accounts and budgets.

As Business Accountant heading the financial team and working closely with the unit's Manager, you will have full responsibility for the development of emergent monitoring systems and their integration with the District's accounting procedures; the formulation of pricing strategies; budgeting and forecasting and considerable involvement in financial projections relating to other new business ventures.

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Please write with full C.V., quoting reference PS 44, or telephone for an application form: Steve Jackson, Recruitment Department, British Telecom West End District, Dial House, 151 Shaftesbury Avenue, London WC2H 8BA. Telephone Freephone 2172 or 2173 (London area only).

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Young accountants will start on this exciting career with a package worth about £20,000. (Negotiable according to experience and location). Vacancies currently exist in London, the South East, North East and North West of England, and relocation assistance will be offered where appropriate. Interviews will be held in Central London and in South Manchester.

To apply, please send a full CV to:

For London interviews -

David Croft, Controller's Dept, ICI Group HQ, 9 Millbank, SW1P 3JF.

For Manchester interviews -

Brian Thompson, Accountancy Dept, Pharmaceuticals Division, ICI Plc, Alderley Park, Macclesfield, SK10 4TF.



Divisional Finance Director

West Midlands
c £28,000 plus bonus plus car

Our client is a highly successful and fast-expanding publicly quoted Industrial Group with exciting growth prospects both in the UK and overseas. The group is organised on a divisional basis for management purposes and is now looking to appoint a Financial Director to a newly formed division which has a turnover in excess of £40m.

The person appointed will work closely with the Divisional Chief Executive with the objective of maximising the Division's profit potential. Additional responsibilities will include

action to improve the division's cash flow and ensuring that each company in the division has appropriate financial and management control systems. The initiation and review of capital expenditure and acquisition proposals will also be an important feature of the role.

The requirement is for a high calibre executive who is currently heading up the financial function of a substantial company and is in the 35 to 45 age range. Experience of manufacturing is essential. This is a challenging appointment and an excellent opportunity for

an ambitious and highly motivated individual.

Salary will not be a limiting factor for the right candidate.

Candidates should write in strict confidence enclosing a full CV and salary details quoting MCS/8810 to Steve Redwood, Executive Selection Division, Price Waterhouse Management Consultants, Livery House, 169 Edmund Street, Birmingham B3 2JB.

Price Waterhouse

SYSTEMS EVALUATION AND REVIEW

£24,000 + Benefits

Central London

Our client is a major retail organisation with an impressive record of innovation, growth and profitability.

Joining a small professional team within the audit department, you will have responsibility for the review and evaluation of new computerised systems. Working on specific projects you will be involved throughout all stages of systems development.

Providing specialist advice and assistance to line management, the emphasis of this appointment is on the analysis of problems and recommendation of solutions. This key role offers exposure to a variety of systems and a broad range of computer products. Career prospects are excellent.

Candidates are likely to be qualified Accountants with experience of computerised systems, preferably based on IBM Mainframes. Knowledge of computer assisted audit techniques would be advantageous. Candidates should be innovative and have the desire and ability to influence change.

A first class benefits package includes a non-contributory pension scheme, free life assurance and profit sharing after a qualifying period.

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Financial Recruitment Specialists
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Divisional Finance Controller

THAMES VALLEY

c£25,000 + Car + Benefits

Our client is part of a highly successful group, operating both in the United Kingdom, and internationally.

As a direct result of strategic planning, one of the major divisions is now actively expanding through acquisition into a number of varied business areas. It is therefore essential to appoint a financial controller to assume full responsibility for the divisions finance function, reporting to the divisions finance director.

Candidates for this appointment will be graduate qualified accountants aged late twenties to early thirties, who have gained sound corporate and operational experience since qualifying who wish to join a challenging and expanding organisation.

Please send a full C.V. with handwritten covering letter to Mr. R. N. Collier quoting reference: S409.

MOORES & ROWLAND

Cliffords Inn
Fetter Lane, London EC4A 1AS

MOORES & ROWLAND MANAGEMENT ADVISORY SERVICES LIMITED

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Central London c.£35,000 + car + equity

The rapid growth plans of this young property development consultancy company, necessitates the appointment of a finance director to play a key role in taking the company to the Stock Market for a full listing this year. As well as representing the company to the City, the appointee will work closely with the chief executive in the development and control of new business.

Applicants must be qualified accountants with a sound knowledge of the workings of the City and broad accounting experience, ideally gained within a property development environment. Essential requirements are the confidence and credibility to negotiate and liaise with financial institutions and the ability to contribute to commercial decision making.

Please send career and personal details quoting reference E/178/A to Carrie Andrews.

EW Ernst & Whinney

Executive Recruitment Services
Becket House, 1 Lambeth Palace, London SE1 7LU.

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Connaught

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£20,000 + (neg.) plus car

A rapidly expanding Security Company with 4 branches requires a dynamic accountant to take responsibility for the running of the computerised accounts department reporting to the Managing Director.

The duties of the position will include statutory and management accounts, budgets, expenses and credit control. Accountants who have had relevant experience including computers and are looking for a challenging position with good future potential should write, enclosing a full C.V., and marking the envelope confidential, to the Managing Director,

Securplan Ltd.,
Hermes House, 1 Ridge Road,
London, NW2 2QR

Handwritten note: *Handwritten text*

FINANCE DIRECTOR

London c. £35,000 + Car + Benefits

Seto Sound aim to provide the most competitive professional and tailor made services for retailers of entertainment software products. The combination of management experience and unique buying and product selection expertise is backed by sophisticated computer and management resources resulting in one of the largest and most efficient distributors of CDs, tapes, albums and singles in the UK. In 1987 turnover was £32 million and the Group is set to achieve a 30% growth rate in 1988. Major clients include Books, Tesco, Asda and Virgin.

To enable them to realise ambitious expansion plans for their UK and European operations, they now wish to recruit a strong and talented Finance Director to complete the highly successful management team who will drive the company forward. The appointed candidate will play an active role in the management of the business, providing strong commercial support to the Board

and the financial input to all future planning and strategic decisions.

The ideal candidate will be a young qualified accountant, who can demonstrate technical competence in all aspects of financial management and control. In addition it is important that candidates should have gained senior level financial experience in a forward thinking commercial operation, either a small company, or subsidiary of a large group. They should have a flexible and creative approach to problem solving and future planning and the energy and commitment to make things happen. Excellent communication skills and a mature and confident personality are essential to gain the respect and co-operation of colleagues and ensure credibility with external advisors and City institutions.

Please reply in confidence, enclosing full CV and quoting reference ST773/L to Joanna Carr.

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Executive Selection and Search
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FINANCE DIRECTOR

CONSULTING SYSTEM ENGINEERS
GUILDFORD

Smith Associates, Britain's leading independent firm of consulting system engineers, is a centre of excellence providing support in advanced technology to a growing number of government and industrial clients. The firm wishes to appoint a Finance Director to be responsible for its entire financial and administrative functions. The particular challenge of the position is to add the financial leadership necessary for the firm's continued success.

The ideal candidate will be a Chartered Accountant, aged 30-35 with several years commercial experience. A salary of c. £35,000 p.a. plus bonus is offered, together with equity participation, a car and other benefits.

Please apply with curriculum vitae to:

Dr. H.J. Pearson, Director, Smith Associates Limited
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STEP INTO FINANCIAL SERVICES

GROUP CONTROLLER

London c. £35,000 + Car + Share Options + Benefits

A fast-growing financial services group marketing a wide range of savings, investment, pension, and mortgage products is developing ambitious growth plans for the next five years and beyond. A key ingredient in the success of these plans will be robust financial management in a fast-moving environment including the upgrading of already sophisticated financial management systems. As a result, they are seeking a particularly able and commercially-aware chartered accountant to assume the position of Group Financial Controller. The Controller will be expected to make a significant contribution to the overall direction and management of the Group and to develop stronger financial information and control systems. Probably in your thirties, you will possess at least five years' post-qualification experience, perhaps gained from within a financial services environment, including some management accounting, investment, and man-management exposure. There are outstanding prospects for career and personal development and the comprehensive benefits package includes share options, company car, mortgage subsidy, pension scheme, health and life insurance, etc.



Please write enclosing full cv, quoting Ref. AI00, to Ian Hetherington at Mervyn Hughes International Ltd., Management Recruitment Consultants, 63 Mansell Street, London E1 8AN, Tel: 01-488 4114.

M E R V Y N H U G H E S

High Growth Service Company - Directorship Opportunity

Financial Controller

South Middlesex c£30K + Car + Benefits + Relocation

Our client is the UK instrument and computer service subsidiary of an international group (plc) with a £100m turnover.

The UK subsidiary with a profitable turnover of £10m employs 100 people and continues to enjoy a substantial rate of growth. Its business is the supply of test and measurement instruments, and computer equipment for short term rental. The company has developed an excellent reputation for a professional rapid service, with the customer being all important in this competitive market place.

The company now seeks to appoint a Financial Controller who will report to the UK Managing Director. You will be responsible for a team of 12 people and the full financial and administrative function including monthly accounts, receivables, MIS, purchasing and general administration. Particular emphasis will be placed initially on improving internal controls and EDP systems, and promoting a team spirit. Subsequently in developing a wider commercial role, it is intended that a full directorship be offered within 18 months or so. Additionally you will undertake the role of

Company Secretary and will therefore be represented on the local board.

Appropriate candidates will be qualified accountants aged 33-43 preferably with several years experience in the service or distribution industry. You will be a good communicator, creative and enthusiastic with a "hands-on" style and a "team player" approach.

The remuneration includes a substantial basic salary, an incentive bonus scheme, company car, contributory pension scheme and a medical scheme. Where relevant, relocation assistance will be given.

If my client's requirements match your career aspirations I would be pleased to receive your cv in application:-

Wayne Thomas,
Executive Division, Michael Page Partnership,
Kingsbury House, 6 Sheet Street,
Windsor SL4 1BG.



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CONTROLLER

SW Midlands

£30K package + car

Our client is a well established subsidiary of a major British international quoted company, manufacturing and marketing a distinctive range of high quality products, and is a market leader in several key sectors of its business.

After a recent promotion, a senior executive is sought to assume responsibility for the finance function. Reporting to the Finance Director, responsibilities will include all aspects of financial accounting, management reporting, budgets and forecasts, with a strong emphasis on the development of the existing manufacturing costing systems.

Candidates, male or female, must be qualified accountants aged in their 30's ideally with experience in manufacturing and consumer goods and having a background in sophisticated financial environments.

This is an excellent opportunity for a commercially orientated, ambitious and disciplined Controller to make a significant contribution as a stepping stone to further promotion within a progressive Group. Please reply in confidence to Michael Ham, Bull Thompson & Associates Ltd, 63 St. Martin's Lane, London WC2N 4JX, enclosing full career details and quoting reference 1415.



CORPORATE AND RECRUITMENT CONSULTANTS

NEWLY QUALIFIED ACCOUNTANCY APPOINTMENTS

As in the past the Financial Times proposes to publish a list of those candidates who were successful in the recent PII examinations. This list will appear in our issue of Thursday 3rd March under the heading "Newly Qualified Accountancy Appointments". The advertising rate will be £47 per Single Column Centimetre; Special positions are available by arrangement @ £57.00 per SCC.

GUIDE TO RECRUITMENT CONSULTANTS

Entries in the guide will be charged at £70.00, which includes your Company name, address and telephone number. Any additional information will be charged at £12.50 per line.

For further information please contact:
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Appointments Advertisement
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on 01-248-8000

GROUP FINANCIAL CONTROLLER (DIRECTOR DESIGNATE)

Rural Lincolnshire c£30,000 + executive car

Our client is rapidly becoming a major force in the food industry, with trading, processing and manufacturing operations in England and Scotland. It is the UK market leader in a number of niche businesses. Its turnover of £100m is generated from sales into the domestic market place and also from an extensive export business.

This fast moving and successful group now requires an entrepreneurial professional Accountant to help take them to the next stage of their development.

Reporting to the Group Managing Director, your role will be to interpret and advise on all financially related matters, ensuring strict financial control and reporting procedures are adhered to. Your commercial instincts will help you deal with foreign currency transactions, cash management and treasury matters, enabling you to use your excellent negotiating skills. You will have both direct staff and functional links reporting to you - so your communication and motivation skills will be tested. Your technical abilities should also be excellent, as forecasting, systems and performance assessment will be a regular feature of your duties.

This is a demanding and exhilarating position that will test you to the utmost. To succeed, you will need to have a strong personality, and proven leadership qualities, having already achieved considerable success in your career to date.

We see this as an ideal move for a very ambitious person (aged 28-40) looking to make a significant contribution in a tough, challenging, but rewarding environment.

Success is expected to lead to a Board appointment.

Relocation expenses will be paid where necessary.

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We currently seek a key individual within our organisation to play a major role as the mainstay of the finance and administration department. With a wide range of responsibilities, you will need to have worked closely with the airline industry for some time, and be familiar with all aspects of the accounting function.

Within the organisation you will be responsible for five units - Finance, Properties & Facilities, Communications, Data Processing and Transport. However the primary function is to ensure the long term profitability of the Airline by both close monitoring of the day to day operations together with sound planning.

An attractive relocation and benefits package is offered which reflects the senior nature of the position and includes a generous salary plus 24% gratuity paid annually. Furnished housing is provided along with subsidised school fees, a motor vehicle, 6 weeks annual leave and free travel plus access to airline concessional travel arrangements.

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To apply - please send a comprehensive c.v. or phone quoting reference no. 3335 to: Peter Murtagh, at Moxon Dolphin & Kerby Ltd, 178-202 Great Portland Street, London, W1N 6JJ. Tel: 01-431 4411.



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FINANCIAL DIRECTOR

c£35,000 + Car

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To find out more about this position, or the range of other opportunities currently available, please contact

Stewart Wright, Manager, Accountancy Appointments
Telephone 01-408 1694 (out of hours 01-851 2502)
2 SWALLOW PLACE, LONDON W1R 7AA



LONDON • GUILDFORD • ST. ALBANS • WINDSOR

European Finance Director

North London

c.£35,000 + Benefits

As an autonomous and highly innovative UK based subsidiary of a North American software group, our client is acknowledged as market leader in its specialised and highly competitive field, where it is currently enjoying a period of substantial growth and profit improvement.

As a key member of the executive team, the Finance Director will be expected to provide advice and direction concerning the Company's strategy in addition to assuming full responsibility for managing the finance function. This highly challenging role will therefore enable an ambitious commercial individual the opportunity to make a significant contribution to the general management of the business.

The demands of this position are such that the successful applicant will be aged between 27 and 35, a qualified

accountant, technically sound, with good knowledge of US reporting requirements, ideally gained in a marketing driven organisation. Experience of developing computerised accounting systems is highly desirable. More importantly, well developed interpersonal skills, business acumen, and the ability to work under pressure are prerequisites.

The attractive remuneration package will also include equity participation together with normal executive benefits.

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Michael Page Partnership

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A member of Addison Consultancy Group PLC

Strategic Consultancy

London

c.£45,000

We are currently acting for an international firm of strategic consultants with an established reputation among the leading firms in this field.

As part of a planned programme of growth they are now seeking to recruit a number of consultants to join their firm. Career prospects are excellent and will lead to significant career advancement both in the short and long term.

Candidates will be aged between 26 and 32, will have a recognised University

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Interested candidates should write, with curriculum vitae, to Paul MacIldowie ACA, Executive Division, Michael Page Partnership, 39-41 Parker Street, London WC2B 5LH

quoting ref. 492.



Michael Page Partnership

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London Bristol Windsor St Albans Leatherhead Birmingham Nottingham Manchester Leeds Glasgow & Worldwide
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Financial Controller

package negotiable

Abbey National Estate Agency Limited is one of several subsidiaries to result from Abbey National Building Society's expansion and diversification. As such, we can offer a young, recently-qualified and ambitious Accountant a challenging career as our Financial Controller.

We are rapidly acquiring additional chains of estate agents and this year we expect to build up a branch network of around 350 offices, with 60/70 local accounting centres providing their information via computer to the central accounting function.

The size and volume of this process, combined with the complexities of extracting proper accounts from a mixture of partnerships and limited companies, means the role of Financial Controller is crucial to the success of the company.

Reporting to the Commercial Manager, you will deal directly, and on equal terms, with the Senior Managers in the Society's Finance and Accounts Department. You will develop new accounting procedures, provide vital management reports and recruit, train and motivate Accounts Managers.

The competitive salary is accompanied by excellent benefits including pension scheme, concessionary staff mortgage after the probationary period and relocation assistance where appropriate.

Please send full career and salary details to Graham Gould, Manager - Personnel Services, Abbey National Estate Agency Limited, Abbey House, Baker Street, London NW1 6XL.

The closing date for applications, which are invited from all sections of the community, is 4 March 1988.

Cornerstone

ABBEY NATIONAL Estate Agents

Taxation Accountant

c.£21K + Lease Car

The Nissan (UK) success story over the past 2 years is, to say the least, quite astonishing. Since the first "Bluebird" rolled off the production line in July 1986, our turnover has grown to around £300 million.

We are currently embarked upon an additional £216 million investment programme which will increase turnover by the early 1990's to over £1 billion as we make major inroads into European markets.

Reporting to the Finance Manager your prime responsibility will cover all group taxation affairs including UK and international corporate tax planning and compliance, VAT, and personal taxation related issues. You will also be expected to make a significant personal contribution to a wide range of business planning and policy-making activities.

Grow with one of the UK's fastest growing companies

Probably aged late 20's - mid 30's, you should be a qualified accountant or taxation specialist with a proven track record in commerce, industry or a professional practice. The drive and ambition to develop your career to keep pace with our growth is essential.

Salary will reflect ability and experience. Excellent benefits include relocation assistance to an attractive, relatively low cost housing area in the North East. Based in Washington, the Nissan plant is around 10 miles from Durham and the coast.

Please write with full details, or telephone for an application form, to: The Personnel Manager, Nissan Motor Manufacturing (UK) Ltd., Washington Road, Sunderland, Tyne & Wear SR5 3NS. Tel: 091-415 0000.

NISSAN

Financial Controller

WEST LONDON

To £25,000 + Car + Benefits

Our client is one of the World's leading manufacturers, wholesalers and retailers of exclusive luxury leather goods, fashion accessories and fragrances.

The UK subsidiary is poised to expand significantly over the next few years and the company therefore wish to appoint a financial controller to oversee all the UK financial activities.

Candidates for this appointment will be qualified accountants aged 24 to 30 years who have had a minimum of 2 years commercial/industrial experience since qualification. This position represents an excellent opportunity to join an exciting international company which can offer excellent career development opportunities.

Please send a full C.V. with handwritten covering letter to Mr. R. N. Collier quoting reference: H381.

MOORES & ROWLAND

Cliffords Inn
Fetter Lane, London EC4A 1AS

MOORES & ROWLAND MANAGEMENT ADVISORY SERVICES LIMITED

Chief Executive

East Anglia Salary c.£35,000 + Car + Benefits

Our Client is a major provincial professional practice which has enjoyed substantial growth in recent years. To consolidate and continue its planned expansion, the Firm, which places a premium on service, has identified the need to appoint a Chief Executive to play a crucial role within its financial management and professional structure.

Reporting to the Senior Partner, the appointee will be responsible for all aspects of the Firm's Strategic Planning and support management, including financial reporting, areas which are considered vital to the continued development of the business.

Candidates who are likely to be aged between 35-45 will be business orientated with a proven track record and possibly a financial professional qualification, who can demonstrate strong personal attributes, good communication skills, total commitment, the ability to command the confidence of Partners. They will be senior managers with outstanding commercial, financial and organisational experience likely to have been gained in a service or partnership environment where computer systems are considered an aid to management.

Interested candidates, who meet these demanding criteria, should send a detailed CV, including your current salary, to Don Day FCA, quoting reference LM683, at Spicers Executive Selection, 13 Bruton Street, London W1X 7AH.



SPICERS EXECUTIVE SELECTION

A MEMBER OF SPICER & OPPENHEIM INTERNATIONAL

FLEMINGS

NEWLY QUALIFIED ACCOUNTANT FOR POSITION OF CHIEF ACCOUNTANT WITH JARDINE FLEMING TOKYO

Jardine Fleming is a Leading Far East Merchant Bank of which the Tokyo Branch is an integral part. The office is a major non-Japanese Securities House with a seat on the Tokyo Stock Exchange.

Post-qualification experience of 6 to 18 months' training is required working in a medium/large firm. Remuneration will be a competitive expatriate package.

Applicants should write enclosing their curriculum vitae to:

Frank Smith
ROBERT FLEMING & CO LIMITED
25 Cophthall Avenue
London EC2R 7DR

Treasury Manager

West London

to £20K + large Group benefits

Our client is a major European Division of a well established and successful international consumer products firm engaged in the development, manufacture and sale of a wide range of products.

As a result of internal promotion and reorganisation they now seek a newly or recently qualified accountant (ACA, ACCA, ACMA) who will report to the Finance Manager and be responsible for the UK banking, cash planning and disbursement activities. Previous experience within a Treasury function would be an advantage but is not essential.

Ideally in your early-mid 20's you will have commercial awareness, well developed communication skills and the ambition to progress and succeed in a fast moving environment.

In addition to the competitive salary quoted, benefits include a non-contributory pension & life assurance scheme, discounted BUPA membership, bonus, 5 weeks holiday etc. Relocation assistance is available where appropriate.

Please write with detailed CV and daytime telephone number to:

Visit Veda (Ref: TM744), Dirk Degenhart & Partners Ltd., Management Search & Selection, Swan Centre, Fishers Lane, London W4 1RX
Tel: 01-993 1331 (daytime); 01-560 5619 (evenings)

Medlock & Sons Ltd.

WHOLESALE ELECTRICAL DISTRIBUTORS
QUALIFIED ACCOUNTANTS

FINANCIAL CONTROLLER (DIRECTOR DESIGNATE)

NTH. LONDON

James G. Medlock & Sons Limited, a well-known name in the electrical wholesaling industry is entering an exciting new era of growth. Reporting to the Managing Director the Financial Controller will improve Real Time computer systems, financial control, prepare management reports and play a key management team role in running and developing the business. Accounting/D.P. systems experience and good man management skills combined with commercial awareness are essential. Probably aged 24/30, a Board appointment is anticipated within two years.

MANAGEMENT ACCOUNTANT

DEVELOPING SUBSIDIARIES

HERTS

The addition of new businesses to the organisation has created a demand for a young energetic accountant. Reporting to the Managing Director the Management Accountant will be responsible for implementing financial control systems in the developing subsidiaries. This will involve preparation of budgets, management and financial accounts. Cash control and the introduction of computerised accounting and costing systems, tailored to each business, are essential requirements. Probably aged 24/30 and recently qualified the successful candidate can look forward to career enhancement in an expanding group.

Attractive package to include company car, pension and health insurance. Please write with concise Curriculum Vitae detailing your main achievements to date and specifying for which opportunity you wish to be considered to:

Alan Moor, Managing Director, James G. Medlock & Sons Limited
605/609 Green Lanes, Haringey, London, N8 0RR

Handwritten note: *Wolfe*

GROUP FINANCE DIRECTOR

North of England c.£30,000 + benefits

Our client is a successful and expanding private group of companies in the distribution business. The company has grown substantially and intends to continue its growth leading eventually to a public flotation. The group board now wishes to appoint an energetic young finance director who will provide an input to business strategy and commercial management.

The successful candidate will have a key part to play in the group's future development both in ensuring the provision of adequate financial controls and management information and also in contributing towards the group's planning and strategy for growth and eventual flotation.

Applicants must be graduate chartered accountants and must demonstrate experience in a well-managed business with an emphasis on growth. Personal qualities of energy and enthusiasm will be necessary together with a willingness to accept responsibility and command respect from colleagues and external advisers.

If you feel that you can offer the qualities and experience required, please write, in confidence, enclosing a full curriculum vitae to Andree McNamara, Executive Selection and Search, quoting reference number 817.

KPMG Peat Marwick McLintock

Executive Selection and Search
9 Creed Lane, London, EC4V 5BR.

Growth, Profitability, Technical Excellence

Three corporate objectives in which Grant Thornton demonstrates an exemplary track record. Our staff also set themselves the same objectives of career development through achievement of the highest possible standards of technical excellence linked with profitable client service and effective management skills.

We are now offering the opportunity for ambitious Chartered Accountants to try and match our requirements whilst meeting their own objectives. However, we warn you that this will not be easy. You may feel that you are already able to offer the correct level of skills. We feel, however, that you would still need to spend your initial period with Grant Thornton in our National Technical Development Department to bring your technical skills up to our required levels. Having done this, a wide variety of career options will open up for you within the range of business and financial services that Grant Thornton offers its clients.

By joining our National Technical Development Department, based in London, for a period of up to 2 years, you would improve your technical standards and skills, receive a broad overview of not only Grant Thornton's UK and worldwide operations, but also the accountancy profession as it meets the challenges of the 1990's. You would be providing advice and guidance to the firm and its clients in many forms, covering audit, accounting, investigations, corporate finance, regulatory and industry areas.

Exact roles can be tailored very much to your specific interests, though we would expect you to possess excellent written and oral communication skills, an ability to influence, have at least 2 years' post qualifying experience with a major firm and a desire to progress your career to the very highest levels in the profession.

We are offering highly attractive salaries together with a full range of benefits. Please apply in writing, with full career details, to: Maryn Drain, Senior Personnel Officer, Grant Thornton, Chartered Accountants, Grant Thornton House, Melton Street, Euston Square, London NW1 2EP. Telephone: 01-383 5100.



FINANCIAL CONTROLLER

CONSULTING ENGINEERS

Thames Valley c.£40,000 plus car

Our client is a multi-disciplinary organisation involved with major projects throughout the world.

Reporting to the chief executive, the financial controller will have full responsibility for a sizeable accounting function including contract and treasury management. Advising the executive board on all financial aspects of the business will be an integral part of the job.

Preferred applicants will be qualified accountants aged 28-45 with proven management skills and broad accounting and financial reporting experience ideally gained within an international business environment. Future appointment to the board is anticipated.

Please send brief personal and career details to Douglas G Mizon quoting reference F/318/M.



Operational Review

Surrey or Manchester

Our client is a highly successful British Public Limited Company and a major exporter of hi-tech products. Their leading position in the marketplace necessitates continual review of the main areas of management control to ensure maximum efficiency and profitability.

There is now an opportunity for a high calibre professional to join a team, based either in Surrey or Manchester, tasked with carrying out a wide range of reviews encompassing all functional disciplines. Responsibilities include preparing reports and papers on the operating procedures in defined sections of the organisation, interviewing personnel and assessing the effectiveness of current policies. You will be expected to identify problem-areas and to recommend improvements and as your responsibilities will be company-wide, you should also be prepared to travel where necessary.

You will probably be aged between 25 and 32 with a degree and/or professional qualification. You

will have a good understanding of business management and practice, which could have been gained in either finance, commercial or hi-tech environment in an industrial or commercial environment. Since you will also be communicating at all levels, both verbally and in writing, excellent communication and interpersonal skills are essential.

It is envisaged that this position will provide career development within the company - leading to a line position within 2/3 years. If you have the ambition, ability and potential to achieve success with a world leader, please write, enclosing four CV's, to: Nigel Bastow, Austin Knight Selection, 17 St. Helen's Place, London EC3A 6AS or telephone him on 01-437 9261 (01-256 6925 evenings/weekends). Please quote ref. 590/NJB/88.



Challenging Opportunity To Maximise Profit



Kent

Ketlon (UK) Ltd is an engineering subsidiary of S & W Beristford plc. Ketlon was established only 12 years ago and has evolved into a group of companies with a turnover approaching £38m, employing 900 people. It is involved in two primary industries - high quality engineered components for the automotive and defence industry, and manufacturing machine tools.

The precision components company has a turnover of £13m, employs 450 people and has experienced regular growth in excess of 20% per annum.

As a result of this growth and a redefined strategic direction, we are now seeking to appoint a Financial Controller. Reporting to the Group Finance Director you will be responsible for a small team and the full financial control of the company. Particular emphasis will be placed upon developing appropriate computerised systems especially in respect of monitoring the manufacturing activity. You will be an important member of the team in

Financial Controller

£27,000-£30,000+Car

managing the company and improving efficiency and profits through both growth and more effective use of the company's substantial facilities.

You will be a qualified accountant aged 35-45 with several years experience of both the disciplined approach of a large company environment and the hands on less formal experience of a small company.

Maturity, diplomacy and commitment combined with persuasive communication skills, in addition to a desire to create positive change will be important factors in your success in this role.

The compensation package includes an excellent salary, company car, non-contributory pension scheme, family health cover and, where appropriate, assistance with relocation expenses.

Interested applicants are requested to submit their cv to: Wayne Thomas, Executive Division, Cynnet House, 45-47 High Street, Leatherhead KT22 8AG.



Michael Page Partnership

International Recruitment Consultants
London Bristol Windsor St Albans Leatherhead Birmingham Nottingham Manchester Leeds Glasgow & Worldwide
A member of Addison Consultancy Group PLC

Financial Controller

"a catalyst for change"

c. £25,000 + car

Under its dynamic and demanding new management team, this internationally known engineering company has taken major strides towards its goal of doubling turnover to £50m. With strategy re-aligned and a more positive marketing approach, the company is well placed to exploit its leading position in the market.

Clearly the Finance Department has played - and must continue to play - a key role in this success story. Now a rare opportunity has arisen for a Financial Controller to head up the Accounting and Credit Management departments. Reporting to the Financial Director, your principal task will be to provide financial information and advice to senior line management in achieving company objectives, while maintaining strict financial controls and disciplines.



Macmillan Davies

MANAGEMENT SELECTION

Eastern Counties

You will be a qualified accountant, probably in your 30's, with several years commercial experience ideally in a production environment. A good working knowledge of computer-based systems is essential, and man-management skills are vital.

The company offers an excellent salary and benefits package, plus fully expensed car. Opportunities for promotion are extensive, either within the finance function or in general management with the company or its parent group.

Please send a comprehensive C.V. to Alan Birch quoting Ref MD1581, at Macmillan Davies Consultants, Salisbury House, Bluecatts, Hertford SG14 1PU. Telephone: (0992) 552552.

TAX PARTNER DESIGNATE

Central London
£35,000

This very senior post requires a candidate of the highest calibre, technically & personally. In order to contribute to developing the tax function of this medium sized practice, the successful appointee will provide a consultancy/edvice service to partners and clients on highly complicated technical issues. ACA (ATI Advantageous) In the first instance please contact David Paton on 01-734 4836. Finance Recruitment Search & Selection

OPPORTUNITIES IN FINANCE NORTH WEST

Our client is a sales orientated manufacturer with a turnover approaching £20 million. Profitable expansion and a move to new premises in an attractive part of the North West have led to the need to strengthen the finance department.

FINANCIAL CONTROLLER c.£25,000 + car
In addition to overall responsibility for the production of all financial and management information, the Financial Controller will manage the treasury function and have a significant role in the commercial development of the business. (Ref. 2896)

SYSTEMS/MANAGEMENT ACCOUNTANT c.£20,000 + car
The Systems/Management Accountant, after implementing an integrated cost and financial accounting system in line with relocation of the business, will be responsible for defining the regular information needs of managers and advising them on interpretation. He or she will also be responsible for setting up new information systems for future requirements as they arise. (Ref. 2897)

Candidates for both posts should possess well developed technical and interpersonal skills preferably gained within a fast moving manufacturing environment. The remuneration package includes relocation where appropriate.

Please send a comprehensive career résumé including salary history and daytime telephone number quoting the appropriate reference number to Mr. Terry Dennis, Executive Selection Division.



P.O. Box 500, 74 Mosley Street, Manchester M60 2AT. Tel: 061-228 3456.

A direct line to the executive shortlist

To secure the best appointments at a senior level needs more than good advice, accurate objectives and success predictions. InterExec not only provides career advice, but also a unique service to bridge the critical gap between searching and the right job. Why waste time and money on unproductive letters?

InterExec clients do not need to find or apply for appointments. Over 50 full-time staff with over 5,000 unadvertised vacancies p.a. enable InterExec to offer the only confidential Executive placement service. What is each unproductive day costing you?

For an exploratory meeting without obligation, telephone InterExec on 01-930 5041/7

A member of the Career Development & Outplacement Division

Landsker House, 19 Clarendon Road, London WC2H 0ES.



FOR ACCOUNTANTS

MANAGEMENT ACCOUNTANT

Salary c.£18,000

Prof. exp. mid/late 20's

The Financial Times is seeking to recruit a qualified (ACMA, ACCA or ACA) Management Accountant. Experience in Management Accounting is not essential but desirable. A background in publishing or an allied business would also be an advantage.

Applicants should preferably be computer literate or have a definite interest in computer applications.

The successful candidate will, provide a management accounting service for various activities within the Financial Times Group. He/she will prepare monthly management accounts, annual plans, budgets and forecasts for the divisions they are assigned to and take an active part in the preparation of the Group's Annual Accounts. He/she must be willing to take on a variety of related duties, such as any ad hoc enquiries or the compiling of any necessary ancillary records. It is essential that the successful candidate not only has the skills necessary for the job but also has an ability to communicate.

Please apply in writing enclosing full CV to: Personnel Department, Financial Times, Bracken House, 10 Cannon Street, London EC4P 4BY

Financial Controller London

£18,000+ + car

We are looking for a young dynamic ACMA to report to the managing director of one of our divisions.

FTC Holdings PLC is a fast growing, international marketing services group with a turnover in excess of £40 million and we are looking for a Financial Controller for FTC Research Group Ltd. which co-ordinates our international market research activities.

The candidate will have gained experience in a large company with strong emphasis on systems and management reporting and is now seeking his or her first challenge in a fuller and more responsible role.

A strong personality combined with commercial flair and a flexible hands-on approach are essential. The ability to meet deadlines for group reporting and work closely with management are also essential.

Please write with full CV to:

Jean West, The Marketforce Group PLC, 30 Eastbourne Terrace, London W2 6LG

FINANCE DIRECTOR

South East/Cheshire c. £30,000 plus car

Our client, a privately owned manufacturing company, is in the process of relocating its head office from the south east to Cheshire.

A finance director is required who, having organised the accounting and information processing aspects of the move, will work closely with the rest of the board in the restructuring of the operating divisions in the UK and Europe. This position demands a heavy time commitment in the early stages and a subsequent dedication to the success of the company.

In the first instance, please send brief personal and career details to Douglas G Mizon quoting reference F/568/M.



Executive Recruitment Services
Becket House, 1 Lambeth Palace Road, London SE1 7EU.

Accountancy Personnel

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McLACHLAN & BROWN
CHARTERED ACCOUNTANTS
IN ASSOCIATION WITH STAY HAYWARD

GARDEN FESTIVAL CITY

General Practice Manager c.£25,000+Car

Glasgow
This role must lead to partnership in a long established but ambitious professional practice. As one of the largest firms in the West of Scotland and having an association with Stay Hayward, the firm provides a wide range of business and financial services to clients in a variety of industry sectors and activities.
They seek a fully qualified and experienced general practice manager initially to work with the firm's managing partner on some of the most interesting and challenging client assignments. Drive, commercial flair and the highest standards of professional care are essential requirements for this position.
The firm will be willing to assist with relocation costs, if appropriate.

AGF
ASSURANCES GENERALES DE FRANCE

LIFE ACCOUNTING MANAGER

Milton Keynes £20,000+Benefits Package

The Savoy Insurance Group, which includes City of Westminster Assurance, is now part of Assurances Generales de France, one of France's largest insurance companies. An excellent opportunity now exists in the Head Office for a qualified accountant with a track record of achievement in either life assurance or in insurance itself. The ability to fulfil a pro-active management accounting role is essential to contribute to the Group's major expansion plans.
Reporting to the Group Financial Controller, this challenging and demanding senior role encompasses statutory accounting, DTI returns, corporation tax and staff supervision in a fast moving environment. An excellent benefits package includes a car, health scheme, profit share and relocation.

LADA

CONTROLLER DESIGNATE

East Yorkshire £Excellent+Benefits

Did you know that due to a very positive marketing campaign conducted over recent years by LADA CARS that their turnover currently stands in excess of £90 million?
Did you know that LADA boasts a growth rate of 30% per annum?
And, did you know that to further augment this expansion LADA now requires the services of a young RELIABLE ACCOUNTANT?
Not for the faint hearted, this position is envisaged as a Number One to the Financial Director and as such you will be a high-profile within this first class accountancy function.
Therefore, if you have commercial flair, an innovative committed approach and above all a keen eye for the future, why not join this forward thinking company where prospects are limitless and remuneration exceptional?

LH
LH FERMENTATION

FINANCE MANAGER

Near Slough c.£25,000+Car Neg

Our client is a world leader in the design and manufacture of fermentation and bioprocess equipment. A wholly owned subsidiary of Porton International, LH Fermentation Headquarters are based near Slough, and it has a subsidiary company in the USA. A commitment to substantial growth through development and acquisition has created the need for a qualified accountant to assume the role of Finance Manager.
Reporting directly to the Board, the successful candidate will be responsible for the complete finance function of the company, including systems development and staff control/motivation.
Candidates should be of high calibre and qualified, with a good understanding of the manufacturing process, and able to contribute to the company's commercial development.

RECENTLY QUALIFIED/AWAITING RESULTS?
CAREER OPPORTUNITIES IN SURREY

Group Financial Accountant £20,000+Package
Investment with acquisitions and problem solving. Scope for overseas travel. Experience of corporate finance preferable.

Financial Controller £22,000
Co-ordinate the financial activities of this network and enjoy full involvement in the commercial decision making of the group.

Under 30? £24,000+Car
Responsibilities include:-
Financial Accounting, Consolidations and Systems Development whilst overseeing a small professional team.

A SPRINGBOARD TO GENERAL MANAGEMENT

North West London c.£26000+Car+Bonus

This blue chip manufacturing company is the U.K. market leader in branded products in its sector of FMCG. Its high reputation for excellence has been obtained via thorough research and development and the use of only the highest quality raw material for input to latest technology production lines. In this highly competitive field their aggressive advertising and promotion techniques leave their rivals trailing. The U.K. subsidiary of a household name multinational, they generate a turnover in excess of £400m from two main manufacturing sites.

At this site which accounts for 40% of British production, an outstanding opportunity has now arisen for a Business Manager reporting to the Factory Manager. You will provide a strategic lead in the areas of finance, systems and business planning. The Business Manager controls financial management, systems and software development and industrial engineering through a dynamic team of professional support staff. The ongoing investment programme, the largest in the U.K. provides for the implementation of a fully integrated management information system thus there will be constant involvement with other senior functional managers.

You must be a qualified accountant aged 27-33 who can generate new ideas and develop practical action programmes and systems, since prospects within the company are likely to lead you into general management and to career achievement at the highest levels.

In addition to the attractive salary package our client offers relocation assistance where appropriate and other big company benefits.

For a more comprehensive briefing please contact:
GERRY PEARSON - 01-387 8118

SCOPE EXECUTIVE
Scope Executive (Recruitment and Consultancy) Ltd
FREEPOST
Easton House
81-103 Easton Street
London NW1 6TW

FINANCIAL CONTROLLER

British Virgin Islands Island Gases Ltd

Island Gases in a division of a substantial American group which manufactures and distributes industrial gases and supplies throughout much of the Caribbean. The group in recent years has been consolidating and adjusting to the tourism led growth that has been a feature of much of the Caribbean.

Reporting to the Managing Director the Financial Controller will be responsible for the financial management of this diverse group, involving complex tax and treasury considerations. The group has in house computer systems in most of its locations and is continuing to update and introduce new systems. Candidates need to have a strong hands-on D background. In addition responsibilities will include financial reporting, management projects and company secretarial duties.

Candidates are to be qualified accountants aged between 30-40 with previous experience as a Financial Controller of a medium sized company. In addition candidates need to be self motivating and with the character to make things happen in a part of the world that is stimulating but not easy.

The attractive remuneration package includes a car profit related bonus, health insurance. Income tax in the BVI is between 15-20%.

Please reply in confidence giving concise personal career and salary details to: The Managing Director, Island Gases Group, P.O. Box 69, Road Town, Tortola, British Virgin Islands

Mitsubishi Finance International Limited

NEWLY QUALIFIED ACCOUNTANT REQUIRED

We are the major investment banking arm of The Mitsubishi Bank, committed to the International Capital Markets, and wishing to employ a newly qualified accountant to assist in the development of the Company's Management and Compliance reporting requirements.

Applicants should have served their articles with one of the major London firms, and having gained audit or other experience within the financial sector.

The successful applicant will work within the accounting department and report directly to the Chief Accountant.

An attractive remuneration package with normal banking benefits is offered.

Please write in strictest confidence enclosing a full C.V. to:-
David Spencer, Company Secretary, Mitsubishi Finance International Limited, 1 King Street, London, EC2V 9EB.

Mitsubishi Finance International Limited
is a member of FIMBRA

FINANCIAL SERVICES

QUALIFIED/FINALIST ACA/ACCA

— Competitive Salary & Banking Benefits —

As a result of internal re-organisation, our client, the Institutional Investment Management arm of a Swiss bank, has identified the need for a self-motivated finalist/qualified Accountant.

Reporting directly to the Chief Accountant, the successful applicant would need to demonstrate a practical "shirt sleeves" approach and sufficient flexibility to handle the diverse nature of the job. It is also essential, in the light of anticipated changes in legislation, that experience of the financial services sector has been gained within the industry or through auditing.

Candidates should also possess the personal qualities necessary to communicate effectively at all levels within the company and to liaise with clients and external advisers.

Please write in strict confidence, enclosing a full C.V. to: Clive Cole, Portman Advertising, 25 Duke Street, London W1M 5DA.

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You owe it to yourself to make certain that you realise your best career opportunity now - as a star player with the fast track leader in your profession.

Our client, a well established PLC, has more than doubled its business volumes during the past two years - a testimony to its quality of professional advice.

Our client now seeks to add to its team, based in central London, and is looking for individuals with significant corporate and/or personal tax experience.

If you are very good at what you do and seek recognition of your worth, we invite you to write to us, in confidence, enclosing your CV, or telephone.
KCC Limited, 124 Belsize Road, London NW6 4BG 01-372 6475

FINANCIAL CONTROLLER CHIEF ACCOUNTANTS

WWAV is the leading group in the Direct Marketing industry with a turnover of £35m. Our continuing growth leads us to look for qualified accountants (ACA, ACCA, ACMA) to join the senior management teams and to take full responsibility for all financial aspects of three of our operations, coordinated through frequent liaison at Board level.

Watson Ward Albert Varndell
LONDON W2
Salary £22,000 + car + benefits
The number one Direct Marketing Agency, the Company requires a Chief Accountant capable of making a genuine contribution to profitability. Specific responsibilities include monthly management accounts and cash flow projections.

WWAV Computing
BRISTOL
Salary to £18,000 + car + benefits
A computer bureau and software development house, the Company requires a Financial Controller with specific responsibility for developing new ideas and systems to contribute to the achievement and enhancement of corporate objectives. Preparation of monthly management accounts and financial projections.

Compton & Woodhouse
CHICHESTER
Salary to £20,000 + car + benefits
A major designer and marketer of china collectables, the Company requires a Chief Accountant with specific responsibility for integration of the company marketing plans with ongoing financial performance, development and coordination of systems.

Candidates should have significant commercial experience at a senior level. These are challenging positions for highly motivated and computer literate candidates in the age range 28-40 who wish to become wholly involved with future company growth, for which Directorships will be offered in due course.

Apply in writing with C.V. to: Mr Brian Curran, Group Financial Director, WWAV Group Limited, 31 St Petersburg Place, London W2 4LA. Tel: 01-727 3461

WWAV GROUP

Our international clients now require the following personnel.

Assistant Manager 20-30K
To liaise with the Company Secretary and command responsibility over accounting functions, compliance and personnel. Accounts experience within a securities house is preferred.

Accountant 15-20K
Either qualified/non qualified. Must have strong all round experience of Accounts.

Contact: **Mark Standen on 01-236-8192**
JAC Recruitment, 23 College Hill, EC4

PA TO PARTNER

Circa £25,000 + Benefits Baker Street
Young expanding firm of accountants in brand new office accommodation seek two high calibre accountants with specific responsibilities for taxation and audit within the practice. Working closely with the existing partners, you will have a high level of responsibility and partnership prospects within 18 months. Please write to:
Attention of M Alcutumba, Ivor Barry & Co, Linhope House, 36, Linhope Street, London NW1 6HP

ACA £30,000 CENTRAL LONDON

West End Practice requires a Manager/Senior to act as PA to Partner. Expansion has created a new portfolio of small and medium sized clients for which you will take full responsibility. You will be self-motivated with current professional experience. It is envisaged that the successful candidate will be made a partner after 12/18 months.
Please contact: **David Paton on 01-734-4836**, alternatively write to: Executive Search and Selection Division, Finance Recruitment, Grafton House, 3/3 Golden Square, London W1

Finance Director (Designate)

c. £25,000 + car Swindon

The autonomous UK subsidiary of a world-renowned international group, my client supplies a wide range of products and services to the food manufacturing industry. With turnover approaching £10m, ambitious growth targets, and an imminent move to new offices in Swindon, the need has arisen for an ambitious finance professional to join the management team.

In the short term, the role includes total involvement with Financial and Management Accounts, a review of the company's computer systems, and all management aspects of the office move. Appointment to the Board is envisaged by the end of this year.

A qualified accountant, you will have "hands-on" experience of preparing company accounts, proven man-management skills, and the ability to manage change in a dynamic environment.

An extremely attractive remuneration package is offered, which will be further enhanced on appointment to the Board.

Please send a comprehensive C.V. to Alan Birch quoting Ref. MD1582 at Macmillan Davies Consultants, Salisbury House, Bluecoats, Hertford, SG14 1PU. Telephone (0992) 552552.

Macmillan Davies
MANAGEMENT SELECTION

FINANCE DIRECTOR/COMPANY SECRETARY

A high calibre, experienced Accountant is sought to join an independent private company with a turnover of circa £30m. The company is based in the North of Manchester, being a high profile, key supplier to the textile industry.

The successful candidate will make a major contribution to the future shape and direction of the business at Executive Board level. As a qualified Chartered or ACMA Accountant, he will also have gained several years experience as a senior executive in a manufacturing company environment with a similar turnover. Prospects are good with this capital intensive company, with a future investment programme.

The salary is negotiable to circa £30,000, plus company car and excellent fringe benefits dependent on the incumbent. Applications with full CV to the Chief Executive...

Write Box A0824, Financial Times,
10 Cannon Street, London, EC4A 4EY.

TREASURER

SOUTH WALES

The Principality is the largest Welsh based building society with assets of £540,000,000 and a liquid fund portfolio approaching £100,000,000.

The Society seeks to appoint a Treasurer to strengthen the management of its liquid portfolio.

The successful applicant will report to the General Manager - Finance and will be able to demonstrate:-

- Detailed knowledge of capital and money market instruments.
- Strong communication skills.
- Knowledge of building society operations (advantageous but not essential).

If you believe that you have these attributes then we would like to hear from you. Please send your C.V. to:-
J. W. Jamieson F.C.A., General Manager - Finance, Principality Building Society, PO Box 89, Queen Street, Cardiff CF1 1UA

Alternatively, if you would like to discuss this position informally please telephone G.J. Taylor on Cardiff (0222) 44188.

A salary commensurate with age and experience will be negotiated with the successful applicant.

THE PRINCIPALITY
BUILDING SOCIETY

IMI

for building products, drinks dispensers, fluid control, special engineering, refined and wrought metals.
IMI plc, Birmingham, England.

SECTION II - COMPANIES AND MARKETS

FINANCIAL TIMES

Tuesday February 18 1988

KIVETON PARK STEEL
WE ARE THE
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Telex: 541131 KPSW G
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Aetna up 5.5% at \$228m but Cigna slips to \$190m

BY JAMES BUCHAN IN NEW YORK

AETNA LIFE & Casualty and Cigna, two of the largest US composite insurance companies, reported mixed fortunes in the 1987 fourth quarter because of the turmoil in financial markets and dismal conditions for health insurance.

But the two companies, which are the first and third largest shareholder-owned insurers, continue to enjoy strong results from their property/casualty business despite growing competition.

Aetna said yesterday that its net income from operations rose only 5.5 per cent to \$228m or \$1.98 a share in the December quarter, to give earnings for the year of \$87m or \$7.48 a share as against \$71.4m or \$6.18 a share.

But Aetna had to realise a loss of \$20.2m on its portfolio of stock and bonds in the turbulent markets of the fourth quarter while various extraordinary items reduced net income to

\$197.6m or \$1.71 a share as against \$284.9m or \$2.48 a share. Final net income for the year fell from \$1.04bn or \$9.12 a share to \$920.6m or \$7.95.

Cigna suffered a fall in operating earnings from \$205.5m or \$2.43 a share to \$190.8m or \$2.31 a share in the fourth quarter, to give a 1987 operating result of \$681.3m or \$8.06 a share as against \$534.9m or \$5.94 a share.

But the company had realised losses of \$32.5m in the quarter, which helped reduce final net income to \$154.7m or \$1.90 a share from \$317.1m or \$3.90. The full-year result was \$728.3m or \$8.64 as against \$817.3m or \$9.92.

Insurance premiums fell in the fourth quarter at Aetna, from \$4.31bn to \$4.25bn, and rose only modestly at Cigna, from \$3.21bn to \$3.49bn. Income on the investment of these premiums was weak because of the turbulent mar-

kets, with an increase of only 6.6 per cent at Aetna and 3.9 per cent at Cigna.

Both companies enjoyed strong results from property/casualty underwriting, although the recovery in premium rates has faltered amid increasing competition.

Property/casualty operating income in the fourth quarter at Cigna rose from \$69.7m to \$104.6, although this included \$29.8m in special tax benefits. At Aetna, earnings from commercial insurance rose from \$62m to \$95m, while automobile and homeowners insurance also improved.

But spiralling health-care costs and weak premium increases cut deeply into group health insurance profits, with a decline in fourth-quarter operating income from \$64m to \$11.7m. Aetna's employee benefits division saw operating earnings fall from \$87m to \$61m.

Johnson & Johnson profits up to \$833m

By Our New York Staff

JOHNSON & JOHNSON, the large US health and household products company, earned \$163m or 96 cents a share in the last quarter, 15 per cent up on the \$142m or 82 cents made from operations a year earlier.

The company's quarterly sales increased by 16 per cent to \$2.03bn.

For 1987 as a whole, Johnson made net profits of \$833m or \$4.53, an increase of 17 per cent on the previous year's \$710m or \$3.98. The group's annual sales were 14 per cent up at \$8.01bn.

The 1986 results used for comparison excluded one-time charges of \$390m in the year as a whole and \$45m in the fourth quarter.

As a result of these charges, Johnson's reported net profits in 1986 were \$520m for the full year and \$97m for the fourth quarter.

Johnson's international sales increased faster than domestic sales, largely as a result of currency translation benefits from the lower dollar.

For 1987 as a whole, domestic revenues increased by only 4.9 per cent to \$4.17bn, while international business surged ahead by 26.9 per cent to \$3.84bn.

Johnson said the fall in the value of the dollar accounted for \$367m of revenue gain in 1987.

Earlier this week, the company reported it had agreed to pay \$725m for most of the assets of Playtex, the US personal products group, taken private in a leveraged buyout 14 months ago.

Analysts said the acquisition of the Playtex Holdings unit which makes tampons would enhance Johnson's position in a fast-growing and profitable segment of the \$1.6bn sanitary protection market.

UK'S TAKEOVER PANEL ORDERS INQUIRY INTO COUNT IN BIRMID BID BATTLE

Doubt over Blue Circle 'victory'

BY MICHAEL SMITH IN LONDON

THE OUTCOME of the £275m (\$467m) takeover battle between Birmid Quilcast, the British home products group, and cement company Blue Circle was last night thrown into confusion after the Takeover Panel ordered an investigation into the count.

The inquiry by the Panel, which monitors UK takeover activity, centres on fears that Blue Circle's victory claim last week may have arisen because of double-counting of Birmid shares which Hoare Govett, Blue Circle's broker, bought in the market.

Hoare was unavailable for comment but it is understood that the mistake, if confirmed, could deprive Blue Circle of victory in what has become one of the closest bid contests in UK corporate history.

The broker discovered its "arithmetical error" on Tuesday after the Panel asked Blue Circle and its advisors to undertake a full review of purchases and acceptances from Birmid shareholders, National Westminster Bank, Blue Circle's receiving bank, was yesterday checking the figures.

Mr Alan Emson, Birmid finance director, was yesterday answering the telephone with the greeting: "Hoare and company." Birmid was doing nothing "until the powers-that-be check everything" but he hoped it could escape with its independence.

Confirmation of an error would severely embarrass Hoare, which last year was rebuked by Panel because of earlier share purchases in Birmid. Last March the Panel said the broker breached the takeover code when it bought Birmid shares, on behalf of Hepworth Ceramic, from Hoare Govett Securities, the market-making arm of its parent.

The inquiry also focuses attention on a system which relies on a bidding company and its advisors to conduct the count in takeover battles. Corporate financiers were speculating yesterday that the investigation may lead to demands for independent scrutineers in future takeovers.

Birmid's request for a Panel check on the final stages of the bid resulted from the narrow margin of Blue Circle's claimed victory rather than from any suspicion of a rules infringement. After the bid closed on Saturday the cement company claimed to own, or have acceptances from, owners, of 50.01 per cent of Birmid equity.

This meant that of 72.25m shares in issue, Blue Circle exceeded the 50 per cent winning post by just 9,300. The decision of just one shareholder could have swayed the vote.

Blue Circle believes it can win

even if double-counting is shown. When it claimed victory on Saturday it did not include in the 50.01 total about 40,000 shares which Hoare Govett had bought, because the ownership transfer forms had not been received. Another block of shares was not included because previous owners had filled in the forms incorrectly.

Rule 10.5d of the Takeover Code states that share purchases may be counted only if "an executed form of transfer... has been delivered to the offeror." Blue Circle will, however, argue that Hoare held binding purchase contracts and the relevant share certificates.

Mr Antony Beevor, Panel director-general, hopes a ruling can be made by the end of the week. An appeal is expected and is likely to be heard by the Full Panel early next week.

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Navistar jumps to \$59m but misses target

By Anatole Kaletsky in New York

NAVISTAR International, the leading US manufacturer of heavy trucks, earned \$59.7m or 21 cents a share from continuing operations in its first quarter ended January 31, compared with \$14.3m or 5 cents a year earlier.

Despite the four-fold profits increase, the company's performance fell below its own expectations.

Mr James Cotting, chairman, said the latest results had fallen \$15m below target.

He attributed the shortfall to higher than planned start-up costs at two facilities - a foundry in Indiana and a paint shop in Ohio.

He added that the build-up of production at the two plants was expected to continue until May.

Spurned Campeau raises Federated tender offer

BY DAVID OWEN IN TORONTO

CAMPEAU, the Canadian property group, yesterday responded to the latest rejection of its bid for Federated Department Stores of the US by formally increasing its tender offer for Federated stock to US\$61 a share from its \$47 opening bid. The new offer will expire at midnight on March 1.

The rebuttal was described as "outrageous" by Mr Robert Campeau, Campeau's outspoken chairman. On Tuesday, Federated rejected an increased \$66 a share cash offer by Campeau.

However, Campeau made clear yesterday that if Federated agreed by midnight on February 21 for Campeau to acquire all outstanding Federated stock, the price to be paid in the tender offer would be \$66 a share.

Analysts interpreted Campeau's latest tactic as a further

attempt to put pressure on the Federated board to maximise shareholder value by agreeing to be acquired in full.

Mr Harry Ramala, of Merrill Lynch Canada, said: "There is a big difference between taking the whole company and just a controlling interest."

Federated had also said on Tuesday that it was considering a restructuring plan, which would involve the sale of most of its non-department store assets, the possible issuance of preferred stock, and either an extraordinary dividend or the repurchase of more than 50 per cent of its outstanding stock.

In rejecting Campeau's \$66 offer, Federated said its board concluded that Campeau did not have the financing for such a transaction and that its ability to arrange financing continued to be questionable.

ITT hits \$447m on STC sale

BY OUR NEW YORK STAFF

ITT, the biggest US conglomerate which is divesting businesses to regain its profit momentum, reported a quadrupling of fourth-quarter earnings to \$447m or \$3.01 a share, thanks to a big capital gain on the sale of its UK telecommunications operation.

The group, which has businesses spanning industrial production, hotels, forest products and financial services, booked a gain of \$252.8m or \$1.68 a share on the sale of its 24 per cent interest in STC. Even without the gain, earnings were well ahead of the \$101m or 66 cents a share recorded in the 1986 fourth quarter.

Revenues were up 9.3 per cent at \$5.2bn in the quarter, including a 7.7 per cent increase in insurance and finance revenues to \$2.8bn.

For the year, in which all of ITT's main businesses, except defence technology, advanced, the company reported earnings, including the STC gain, of \$1.02bn or \$6.76 a share, against \$494m or \$3.23. Revenues rose 12 per cent to \$19.5bn, with a contribution of \$1.1bn from insurance and finance, also up 12 per cent.

ITT's 37 per cent share in Alcatel, the Continental European joint venture which absorbed the company's telecommunications equipment business in 1986, contributed \$73m or 49 cents a share last year, against \$56m or 37 cents.

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Telerate expansion in Italy

By John Wyles in Milan

TELERATE, the leading US supplier by computer of financial information services, is to combine forces more directly with Radiocor, its smaller Italian counterpart which was acquired by Olivetti in October 1986.

The two companies' present joint venture, Telerate Italia Srl, will be fully acquired by Radiocor as part of a deal in which Telerate will take a 46 per cent stake in the Italian parent company.

This will be achieved through a L6.8bn (\$5.4m) capital increase to be purchased entirely by Telerate.

The US supplier is majority owned by Dow Jones, the US business publishing group which owns the Wall Street Journal.

Radiocor will maintain its present structure and continue to operate as a press agency.

Remy waits for Martini bid reaction

BY HAIG SIMONIAN IN FRANKFURT

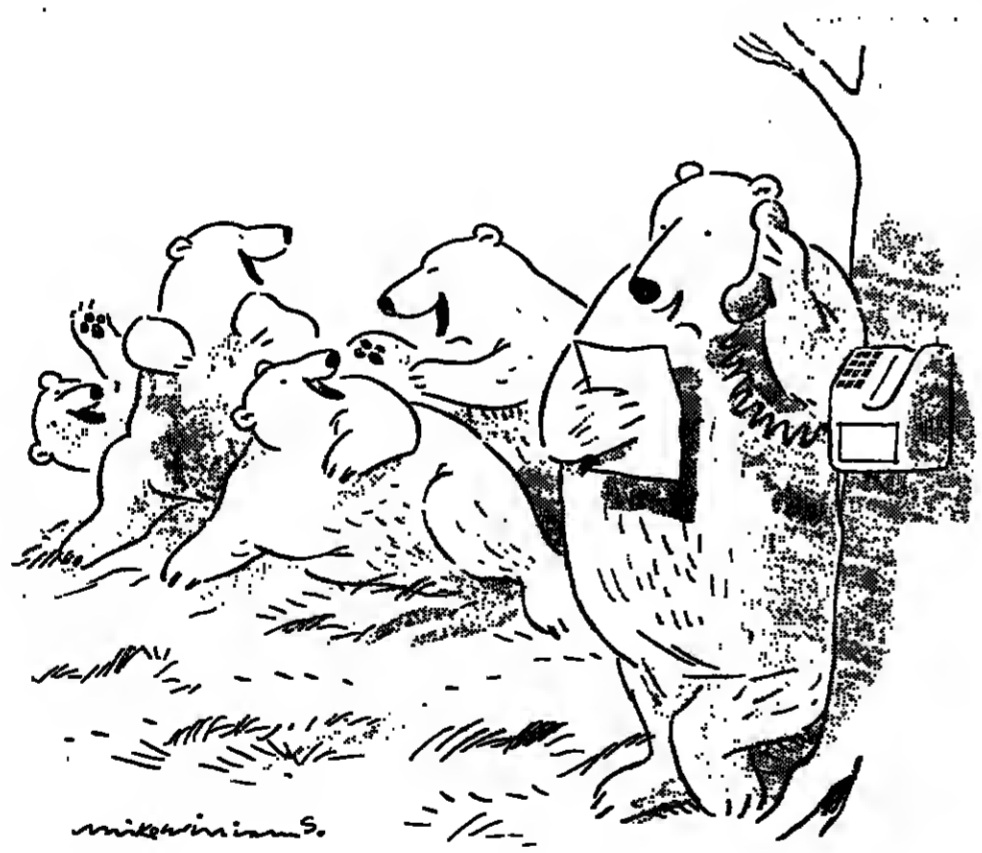
REMY MARTIN, the family-owned French cognac company which is bidding to buy Benedictine, the French liquor concern, is waiting for the government's response to a rival offer from Martini before deciding whether to raise its bid.

"It is too early to answer whether we will make a further offer", said Mr Marc Heriard-

Dubreuil, co-president of the group at meeting with German analysts in Frankfurt yesterday.

The offer by Martini, which is technically based in Switzerland, needs French government approval because it comes from outside the European Community.

Mr Heriard-Dubreuil repeated his company's desire eventually to go public. A notation could either involve Favis, the family holding company which owns 51 per cent of E. Remy Martin, the cognac producer, or Remy & Associates, which controls the group's other wine and spirit interests and is wholly owned by E. Remy Martin.



Contrary to popular opinion, not all bears look alike.

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NEW ISSUE February 1988

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HIRAM WALKER HOLDINGS N.V.
(the "Company")

The outstanding U.S.\$75,000,000 16 per cent.
Guaranteed Debentures 1989 of the Company
(the "16 per cent. Debentures")

guaranteed by

HWR HOLDINGS INC.
(the "Guarantor")

and

GULF CANADA RESOURCES LIMITED
(formerly Gulf Canada Corporation)
(the "Gulf")

constituted by Trust Deeds of which the principal is dated 10th March, 1982 (together the "Trust Deeds") all made between (inter alios) the Company and The Law Debenture Corporation p.l.c. (the "Trustee") as trustee for the holders of the 16 per cent. Debentures (the "16 per cent. Debentureholders")

NOTICE OF SUBSTITUTION OF GUARANTORS

Notice is hereby given to the 16 per cent. Debentureholders that:-

- following a corporate reorganisation of the Gulf Canada Group and the agreement to sell the Group's residual interest in the Company to Allied-Lyons PLC ("Allied-Lyons"), the Company, the Guarantor, Gulf and Allied-Lyons requested the Trustee to concur in a modification to the Trust Deeds so as to permit the substitution of Allied-Lyons as sole guarantor of the 16 per cent. Debentures in place of the Guarantor and Gulf;
- the Company also has outstanding U.S.\$22,121,000 Zero Coupon Guaranteed Debentures due September 17, 1989 (the "Zero Coupon Debentures") issued under a Fiscal and Paying Agency Agreement dated September 17, 1981. The Zero Coupon Debentures are guaranteed by the Guarantor whose obligations are in turn guaranteed by Gulf. At a Meeting of the holders of the Zero Coupon Debentures held on 18th January, 1988 the holders of the Zero Coupon Debentures approved the substitution of Allied-Lyons as sole guarantor thereof in place of the Guarantor and Gulf and a payment at the maturity or earlier redemption of the Zero Coupon Debentures of an additional amount equal to U.S.\$1.25 for each U.S.\$1,000 principal amount of such Debentures;
- the Trustee, advised by S.G. Warburg, Akroyd, Rowe & Pitman, Mullens Securities Ltd., being of the opinion that the modification referred to in (1) above is both proper and not materially prejudicial to the interests of the 16 per cent. Debentureholders, has concurred in the modification and substitution referred to in (1) above in accordance with its powers under the Trust Deeds and on terms that a payment similar to that referred to in (2) above is made to the 16 per cent. Debentureholders at the maturity or earlier redemption of such Debentures;
- such modification is contained in, and such substitution has been effected by, a Second Supplemental Trust Deed dated 31st December, 1987 made between the Company, the Guarantor, Gulf, Allied-Lyons and the Trustee.

Particulars of the 16 per cent. Debentures as so modified are available in the statistical services of Exel Financial Limited. Any 16 per cent. Debentureholder who wishes to inspect copies of the Trust Deeds or the Second Supplemental Trust Deed mentioned above or to obtain a copy of the Terms and Conditions of the 16 per cent. Debentures as so modified may do so at the specified offices of the Paying Agents listed below:-

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30 West Broadway,
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CREDITANSTALT

Sony and Pioneer earnings soar

BY OUR TOKYO AND FINANCIAL STAFF

SONY AND Pioneer, Japanese leaders in consumer and audio electronics, announced sharply increased earnings yesterday, further underlining the marked recovery by Japanese companies from the worst effects of the yen's appreciation.

In Sony's third quarter, which ended last December, the consumer electronics company showed group net profits trebled to ¥20.73bn (\$158.9m) from ¥6.81bn in the same quarter last year. Sales in the period were up 7.5 per cent to ¥409bn. The company credited a 23 per cent sales increase in the Japanese market as a main reason for the boost in profitability.

Sony's strongest sales were in mini-component stereo systems and compact disc players, as well as its micro floppy disk systems and semiconductors.

Acquiescing to market pressure, the group recently decided to introduce VHS format video cassette recorders alongside its own Betamax line

CANON, the Japanese camera and copier maker, boosted pre-tax profits by more than half to ¥20.41bn (\$156.5m) last year from ¥13.18bn in 1986, writes our Financial Staff.

However, a 20.3 per cent drop in net profits to ¥8.55bn followed its liability for ¥9.09bn in tax payments compared with ¥149m rebate the previous year. As foreshadowed, the company is cutting the final

dividend to ¥5 a share from ¥6.25 to make ¥10 for the year instead of ¥12.50.

Its performance was far better than expected - instead of an operating loss as had been feared at one stage last year, there were operating profits of ¥20.41bn against ¥4.55bn.

Canon began US production last year as part of its efforts to limit the impact of the rising yen, adding to the rising yen, adding to the European and Korean sites.

takeover abroad. Analysts expect a minimal contribution to 1988-89 earnings because of interest payments and write-offs on depreciation and goodwill.

However, the acquisition will be strongly positive for cash flow as well as adding a software side to Sony's strong position in audio-electronics.

The company said operations drew additional benefit from

Sony's success in cutting production costs, expansion of overseas output, increases in international procurement, and selling price increases abroad.

Pioneer, another leading maker of audio equipment, showed consolidated net profits sharply higher at ¥4.44bn in the first quarter to last December, compared with ¥1.19bn. Sales were up 15.6 per cent at ¥112bn. Pioneer's video products, including its laser disc systems, showed the best advance, up by nearly 30 per cent in the period.

Overseas sales increased by 10 per cent, despite the strong yen, while sales in the domestic market were up by 17 per cent. Audio products, overall, showed a 17 per cent advance and now account for about 40 per cent of group sales.

This was due to strong overseas demand - in the domestic market Pioneer is facing tough competition.

Sharp rise in Arab National Bank profit

By Finn Barro in Riyadh

ARAB NATIONAL Bank (ANB) of Saudi Arabia is doubling its capital to SR300m (\$90m) after boosting profits last year by nearly a third and reducing its loan loss provisions.

ANB, which is 40 per cent owned by Arab Bank of Jordan, becomes the fourth of the kingdom's 11 commercial banks recently to double capital. It is doing so by a transfer of funds from general reserves.

Profits reached SR201.2m compared with SR152.1m, after provisions which were cut to SR62.2m from SR86.6m. ANB has a lower than average level of problem loans.

Loans and advances rose 27.3 per cent to SR2.85m and deposits 5.7 per cent to SR11.2m. Total assets rose 6.4 per cent to SR13.2m.

The other banks to have capitalised reserves are Saudi American Bank, a Citibank joint venture, and Saudi French Bank, in which Banque Indosuez has an interest. Saudi Cairo Bank, a Banque de Caire joint venture, last year boosted its capital through a share flotation accompanied by a SR300m capital injection from the Government.

Bankers say reasons for the capital moves vary. In Saudi Cairo's case, the bank is struggling to cope with problems stemming from losses on precious metals speculation and bad loans. The others, where the foreign partners benefit from a larger asset base, gain some room to manoeuvre.

Kersaf registers strong gain in first-half result

BY JIM JONES IN JOHANNESBURG

KERSAF, THE South African leisure and casino gambling group, lifted turnover by 47 per cent and pre-tax profit by three-quarters in the six months to December largely because of better trading by casinos in the black "homelands" of Transkei and Bophuthatswana.

On turnover which rose to R446m (\$212.9m) from R293m, the interim pre-tax profit was R17.8m against R67.3m.

Casino gambling is illegal in South Africa but is allowed in nominally independent homelands near South Africa's principal cities. Kersaf's directors made no reference to the recent

coup attempts in Transkei and Bophuthatswana while the board of Transkei Sun, the casino operating subsidiary, says it had five-month accounting term to last March because of a change in its financial year.

The current quarter will be the first to include CBS Records, the US music production company bought for some \$2bn in the largest Japanese

coup attempts in Transkei and Bophuthatswana while the board of Transkei Sun, the casino operating subsidiary, says it had five-month accounting term to last March because of a change in its financial year.

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South African consumer groups increase sales

BY OUR JOHANNESBURG CORRESPONDENT

AN UPTURN in South African personal spending has aided the results from consumer industries.

Lion Match, the South African former subsidiary of Wilkinson Sword, lifted turnover by 22 per cent last year but says that normally slower trading in the first quarter is likely to leave earnings little changed in the present 16-month accounting period.

Lion was sold to South African Breweries during the year and has changed its financial year-end to coincide with that of the new parent. The acquisition was accompanied by a five-for-one share split.

Turnover rose to R179.2m (\$85.9m) from R147.3m and pre-tax profits increased to R17.0m from R15.0m.

The directors say trading was helped by improved economic conditions and that the two divisions - matches and consumer non-durables - both increased revenue. Match production has been rationalised by the closure of a factory in Transkei and the transfer of its operations to Pretoria.

Net earnings rose to 20.82 cents a share from 19.84 cents and a special dividend of 35 cents was declared at the time of the acquisition to allow Wilkinson Sword to repatriate some of its funds at the commercial rate exchange rate in 1986 the dividend totalled 10.6 cents a share.

Udeco Holdings, an offshoot of the UK's BAT Industries, lifted sales by 90 per cent in 1987 by expanding its share of

the local cigarette and snack food markets.

Turnover rose to R269.3m from R230.5m and pre-tax profits to R26.0m against R15.6m.

Cigarette and snack food sales have benefited from the past year's rise in consumer spending and profits have been helped by the elimination of losses in the snacks division.

Net earnings rose to 217.6 cents a share from 131.9 cents and the year dividend has been lifted to 87 cents from 41 cents.

Metro Group, a wholesale chain, grew through acquisition in the 26 weeks to December 26 and lifted its interim turnover by 73 per cent.

The company sold its 54.2 per cent interest in the Frasers trading group to Tradegro, Metro's controlling shareholder. In exchange Tradegro transferred the Jazz retail chain to Metro and at the same time, Jazz acquired the cash-and-carry, wholesale, mine store and general dealer interests of the Frasers group.

The acquisitions helped lift first-half turnover to R1.33bn from R770m and pre-tax operating profit rose to R23.9m from R11.0m.

The directors say Metro's cash-and-carry operations traded under continued market pressure and that two outlets were opened during the past six months. Frasers' activities have been re-focused.

Net earnings rose to 16.3 cents a share from 12.4 cents and the interim dividend has been lifted to 7.5 cents from 5 cents.

Air NZ has flat operating performance

By Our Financial Staff

AIR NEW ZEALAND, the state-owned flag carrier, yesterday reported a flat operating performance in its first half to September and renewed its criticism of large US airlines which it said were "using their home market oligopolistic dominance and critical mass to their advantage" in the Pacific region.

Net profits of NZ\$21.9m (US\$14.5m) were barely ahead of the NZ\$21.5m achieved in the first six months of 1986 - a period which benefited from an additional NZ\$66.2m in proceeds from the sale of aircraft, while none were sold last year.

Revenues rose 3.1 per cent to NZ\$722.3m from NZ\$700.9m.

The airline said it was facing fierce competition on its international routes.

Higher prices and output lift Sabic

By Our Riyadh Correspondent

SAUDI BASIC Industries Corporation (Sabic), the country's large petrochemical group, quadrupled profit last year to SR1bn (\$266.6m) from SR243m.

The increase was due both to higher production and higher prices, according to Mr Abdulaziz Al-Zamil, Minister of Industry and Electricity. Output by volume at Sabic rose 27.5 per cent to 9.7m tonnes from 7.6m tonnes - partly because of new plants coming on stream but also from increased use of capacity at relatively new plants.

Sales totalled 8.2m tonnes, up from 7.3m tonnes.

The group was established more than 10 years ago during a period of oil shortages, and was intended as the foundation for Saudi industrialisation. The plants were supposed to use domestic raw materials, in particular the natural gas that was formerly flared off at the oil wells.

Foreign companies which invested in Sabic projects were offered crude oil entitlements as well as generous investment incentives. Partners include Mobil and Exxon as well as European and Asian resources groups.

Since Sabic was established, 30 per cent of the company has been sold off to private sector investors.

Revised pricing policy boosts Impala Platinum

BY OUR JOHANNESBURG CORRESPONDENT

IMPALA PLATINUM, South Africa's second largest platinum producer, was helped by greater use of market-related pricing in the six months to December, when turnover rose 40.4 per cent to R782m (\$373.3m) and pre-tax profits 29.6 per cent to R297.4m.

Mr Don Ireland, the managing director, says sales revenues were helped by the renegotiation of sales contracts and their replacement with contracts based on open market prices. In its early years Impala struck long-term sales agreements with, among others, General Motors, which gave it guaranteed rand-denominated profits.

While this was attractive in the 1970s, the rand's recent decline against the dollar has rendered the old contracts unattractive.

The company does not disclose operating cost or platinum production details. It is developing a platinum mine named Karoo in South Africa after it had failed to agree extensions to its existing mine in the black "homeland" of Bophuthatswana.

The Bakofong tribe has disputed royalties received from Impala.

Net earnings were 252 cents a share against 219 cents and the interim dividend has been lifted to 60 cents from 45 cents.

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NOTICE TO HOLDERS OF THE 7% US\$ CONVERTIBLE DEBENTURES 1984/89 OF GOTTHARD BANK INTERNATIONAL LTD., NASSAU (BAHAMAS)

The Board of Directors of Banca del Gottardo will propose to the Ordinary General Meeting of Shareholders to be convened on February 26, 1988, subject to the necessary approvals, that the present share capital of Sfr. 104 million be raised to Sfr. 112 million being 80,000 new bearer shares with a par value of Sfr. 100.- each and moreover that the present bearer participation certificate capital of Sfr. 29.25 million be raised to Sfr. 31.5 million being 22,500 new bearer participation certificates with a par value of Sfr. 100.- each.

It is proposed to offer for subscription the new shares to the present shareholders at the ratio of one new bearer share to 13 old bearer shares at the price of Sfr. 300.- per share and of one new bearer participation certificate to 13 old bearer participation certificates at the price of Sfr. 300.- per certificate.

All new shares and new bearer participation certificates shall be entitled to dividends as of January 1, 1988.

Provided the increases are carried out as proposed, the Conversion Amount of the 7% US\$ Convertible Debentures of Gotthard Bank International Ltd. will be increased with effect as of March 1, 1988 in conformity with the terms and conditions of the Debentures.

The new Conversion Amount for the Convertible Debentures 1984/89 will be 26.229 bearer participation certificates for each Debenture.

The holders of the 7% US\$ Convertible Debentures 1984/89 of Gotthard Bank International Ltd. wishing to exercise their subscription rights are invited to exchange their Debentures for bearer participation certificates of Banca del Gottardo not later than Monday, February 22, 1988.

No Convertible Debentures will be exchanged for bearer participation certificates during the period from Tuesday, February 23, 1988 till Monday, February 29, 1988.

Convertible Debentures not surrendered for the exchange by Tuesday, February 23, 1988 do not entitle the holder to subscribe new bearer participation certificates.

Nassau, February 15, 1988

Oil and Natural Gas Commission
U.S. \$150,000,000
Guaranteed Floating Rate Notes due 1997
Notice is hereby given that the Rate of Interest has been fixed at 7.125% and that the interest payable on the relevant Interest Payment Date August 18, 1988, against Coupon No. 7 in respect of US\$10,000 nominal of the Notes will be US\$360.21.

February 18, 1988, London
By Citibank, N.A. (CSS Dept.), Agent Bank

CITIBANK

Asi Pacific Growth Fund
Weekly net asset value on 12/2 was US \$33.87

Listed on the Amsterdam Stock Exchange

Information:
Parsons, Holdings & Pensions NV,
Herengracht 214,
1016 CS Amsterdam,
Tel. +31-20-211188.

Tokyo Pacific Holdings (Seaboard) NV.
Weekly net asset value as at 15/2 was US \$139.38

Listed on the Amsterdam Stock Exchange

Information:
Parsons, Holdings & Pensions NV,
Herengracht 214, 1016 CS Amsterdam,
Tel. +31-20-211188.

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Puma seeking financial link with foreign group

BY ANDREW FISHER IN FRANKFURT

PUMA, THE loss-making West German sports shoe and clothing company, is holding "serious negotiations" with an unnamed foreign company which is interested in taking a financial stake.

It gave no hints as to which company might be involved, though rumours that the other party may be BTR of the UK were denied. This week, Puma's quoted preference shares have risen sharply, trading at about DM300 (\$211) on Monday and Tuesday after closing last week at DM260. Yesterday, however, they eased to DM319.

Mr Hans Woitschätzke, the company's new chairman, has stressed that any links with other concerns would have to involve more than money. "We are open-minded about any partner with which there can be synergy, which would be positive for our image, or which is active in the leisure area," he said recently.

He has stated that the company should move out of losses this year, after suffering badly from a misreading of the volatile US market in 1986 and 1987. Having taken control of its US distribution and

launched new shoe and clothing collections, it hopes to bring US losses well below DM10m (\$5.88m) after DM76m in 1986 and just over DM30m in 1987. After returning to break-even this year, Mr Woitschätzke forecast that 1989 would be "positive and profitable."

Puma, controlled by brothers Mr Armin and Mr Gerd Dassler, issued non-voting preference shares in the summer of 1986. They quickly rose to above DM1,600 compared with an issue price of DM310, later falling sharply on news of problems in the US.

Porcher doubles its size with US deal

By George Graham in Paris

PORCHER TEXTILE, the French glass fibre and industrial fabrics group, is to double its size with the purchase of the glass fabrics division of Burlington Industries of the US.

The \$125m purchase will make Porcher, a family-owned company based in the Isère region of south-eastern France, the world's second largest producer of woven glass fabrics with an output of 120m to 130m metres a year.

The fabrics are principally used in the manufacture of printed electronic circuits, with large markets also in the field of electrical insulation and composite materials - from fishing rods to the nose cones of the Airbus jet airliner.

Porcher's 1987 year totalled about FF7700m (\$121m) - with two thirds in export markets - while sales at the Burlington Industries division, whose new name has yet to be decided, were almost as high at \$117m.

Besides glass fabrics, Porcher produces a range of other industrial textiles including carbon fibre and Kevlar, typewriter ribbon fabrics and sailcloth. It also recently bought the ancient Lyon silk mill Bocol.

High costs hit Danish bank

By Our Copenhagen Correspondent

COPENHAGEN Handelsbank, Denmark's second biggest commercial bank, showed a fall in profits before tax and deductions for unrealised portfolio gains to DKr497m (\$76.2m) for 1987, from DKr814m. The dividend is held at 15 per cent.

After tax and portfolio adjustments a profit of DKr267m compares with a loss of DKr821m. The bank described results as "unsatisfactory" and blamed high costs and low margins.

Deductions for unrealised portfolio gains were DKr282m against DKr1.6bn. At the year end, balance sheet total was DKr121bn, against DKr11bn.

The new processes are also crucial for adding the manufacturing flexibility which is now needed in mature and nearly saturated markets. This means frequent product innovation - Zanussi was trumpeting the virtues in Cologne of its new "all-in-one" dishwasher - and offering different versions of the same basic model.

WestLB operating profits slip

BY HAIG SIMONIAN IN FRANKFURT

WESTDEUTSCHE Landesbank (WestLB) West Germany's biggest Landesbank, has shown a fall in operating profits last year to just over DM1bn (\$586.5m) compared with DM1.2bn in 1986.

However, the bank, which is paying a renewed 4 per cent dividend to its shareholders, comprising the state government of North Rhine-Westphalia and regional savings bank groups, described the result as "satisfactory" despite the difficult scenario.

Operating profits at parent bank level fell to DM900m against DM1.1bn in 1986, but after-tax earnings remained unchanged at DM1.14m. About is being transferred to reserves. Total assets grew by only 3 per cent in 1987, reflecting what the bank claims was a

"risk-conscious and profit oriented policy" last year. Including the first-time consolidation of its LBS building and loan association, total assets rose by DM44m to DM1.42bn.

The bank, which has improved its earnings potential

Krupp Industrietechnik, part of the West German Krupp group, has acquired a 75 per cent stake in Bellaplast Maschinenbau, a German unit of the Bellaplast group of Switzerland. Bellaplast makes plastics processing machinery.

The acquisition forms part of the Krupp group's strategy of expanding operations away from steel-making into more profitable technologies.

substantially after some difficult years, next year is expected to stabilise that potential "on a satisfactory level in the years to come."

On the lending side the bank's position was little changed in 1987, with DM64.8bn due from customers against DM64.6bn the previous year. Lending to corporate clients actually increased, despite high liquidity in many companies' balance sheets, while short term credits, largely to private customers, declined.

After a five-year downward trend the fall in international credit business came to a standstill last year, with Eurocredits in particular developing "satisfactorily." Meanwhile the number of swaps rose steeply, with volume jumping to double the level of 1986.

Swedish tonic for Zanussi

"CONSOB'S BEHAVIOUR has been despicable," thundered Mr Gian Mrio Rossignolo, drawing a bead on Italy's stock exchange regulatory agency, which has already been under heavy fire for its handling of Ferruzzi-Gardini's controversial re-organisation plan.

Sounding anything but the songbird whose name he carries, the chairman of Zanussi, Italy's leading domestic appliance manufacturer, was venting his wrath at the international appliance industry's fair in Cologne about one of the few clouds which have marred the otherwise sunny change in Zanussi's fortunes since its acquisition by Electrolux of Sweden.

Having taken control of the financially-stricken Italian company in late 1984, Electrolux decided at the beginning of 1986 to place some shares in Italy in the shape of investment certificates, as a prelude to seeking a full listing on the Milan Stock Exchange. These were bought by about 18,000 investors and are traded over the counter.

More than a year after formally applying to the Consob, Electrolux is still waiting for approval. "The bureaucratic delays have been incredible," said Mr Rossignolo, former Fiat executive, who has presided over Zanussi's restructuring.

Electrolux was asked for information that neither the Securities and Exchange Commission nor the London Stock Exchange would require, said Mr Rossignolo, such as changes in the Swedish company's minority shareholdings during the course of one month.

Mr Rossignolo's anger with Consob injected some discordant notes into an otherwise upbeat song. Zanussi's financial recovery continued apace last year, helped by a 3 per cent growth in the European white goods market, excluding microwave ovens.

Sales volumes were boosted by access to Electrolux's international marketing network.

The Friuli-based company was able to place 600,000 units through its Swedish parent out of total sales of 4.1m.

Production for the Italian market rose by 6 per cent, with output of dishwashers rising by 10 to 13 per cent and that of refrigerators by 3 to 4 per cent. Turnover rose by 10.6 per cent to L1,769 bn (\$1.4bn), cashflow jumped from L115bn in 1986 to L178bn, and investments from L75bn to L125bn.

The company's debt, which at the height of its crisis in 1984 reached L1,046bn, was cut last year from L479bn to L357bn.

A fresh management approach and a strong European market has helped an Italian white goods producer to a rapid recovery. John Wyles reports

"This improved our negotiating position with the banks," said Mr Rossignolo with quiet satisfaction. He would not be drawn on profits results, but hinted that the increase on 1986's net L32bn would reflect the company's much improved cash flow.

He and his colleagues can barely restrain their satisfaction about how the company is blossoming under Scandinavian ownership - thus confounding some of the trade union movement's dire fears that it was to be asset-stripped.

Employment has, of course, fallen under the march of new technology from 22,000 in 1984 to 16,300. Further cuts are expected this year and next as a L450bn investment plan brings on automated equipment at Zanussi's two main factories in Susegana and Porcia.

However, Mr Carlo Verri, group managing director, believes that the reductions can be made fairly painlessly by early retirement and other mea-

sures. Mr Rossignolo adds that the workforce is being reshaped - 700 young workers have been hired in 1986-87 because the age profile was too high and "you cannot teach men of 50 to operate these new computerised processes."

Such re-equipment has become vital in an industry with considerable overcapacity in Europe and with Italian costs inflated by social insurance charges. According to Mr Verri, employment costs among competitors are about 40 per cent lower.

The new processes are also crucial for adding the manufacturing flexibility which is now needed in mature and nearly saturated markets. This means frequent product innovation - Zanussi was trumpeting the virtues in Cologne of its new "all-in-one" dishwasher - and offering different versions of the same basic model.

Consumers, said Mr Verri, are less concerned about price than before, and are more interested in "comfort, reliability and environmentally sensitive equipment."

Although last year was a good one for most appliance makers - Zanussi's main domestic rival, the Merloni group, boosted sales by 19 per cent to L610bn and nearly tripled net profits to L20bn - Zanussi management fears tough times ahead if growth slows in the European economy.

"There is still about 30 to 40 per cent too much capacity in Europe and some people are repeating the errors of the past by increasing capacity," warned Mr Verri. This was a sideswipe at Merloni's plans for Indesit, which it has just acquired from the public receiver. Zanussi management is said to believe that Merloni should be looking for ways to close capacity at Indesit rather than maintain it.

The latest takeover should give Merloni about 20 per cent of the Italian market and 10 per cent of the European. Zanussi says that it has now fully recovered its "pre-crisis" share of the Italian market, having taken 23.7 per cent last year and 12 per cent in Europe.

Both companies, however, will be feeling the squeeze from eastern Europe. "Fridges are arriving from the east at the Italian border at price levels lower than the cost of the raw materials in Italy," said Mr Verri, who added that the main perpetrators of this "dumping" were the Soviet Union, Poland and Czechoslovakia.

This announcement appears as a matter of record only.

New Issue

16th February, 1988

CNT

Caisse Nationale des Télécommunications

U.S.\$160,000,000

8½ per cent. Notes due 1993

Unconditionally guaranteed by

The Republic of France

Issue Price 101½ per cent.

Yamaichi International (Europe) Limited

Deutsche Bank Capital Markets Limited

Algemene Bank Nederland N.V.

Banque Bruxelles Lambert S.A.

Chase Investment Bank

Credit Suisse First Boston Limited

Goldman Sachs International Corp.

IBJ International Limited

Merrill Lynch Capital Markets

J.P. Morgan Securities Ltd.

SBCI Swiss Bank Corporation Investment banking

Shearson Lehman Brothers International

Société Générale

Union Bank of Switzerland (Securities) Limited

S.G. Warburg Securities

Westdeutsche Landesbank Girozentrale

All of these Securities having been sold, this announcement appears as a matter of record only

NEW ISSUE

February, 1988

64,400,000 Shares

ACM Government Securities Fund, Inc.

Common Stock

PaineWebber Incorporated

Donaldson, Lufkin & Jenrette

Kidder, Peabody & Co.

Smith Barney, Harris Upham & Co.

Thomson McKinnon Securities Inc.

Advest, Inc.

Carolina Securities Corporation

Dain Bosworth

McDonald & Company

Bear, Stearns & Co. Inc.

The First Boston Corporation

Alex. Brown & Sons

Dillon, Read & Co. Inc.

Drexel Burnham Lambert

A. G. Edwards & Sons, Inc.

Goldman, Sachs & Co.

Lazard Frères & Co.

Morgan Stanley & Co.

Prudential-Bache Capital Funding

Salomon Brothers Inc

Shearson Lehman Hutton Inc.

Wertheim Schroder & Co.

Westpac Banking Corporation

(Incorporated with limited liability in the State of New South Wales, Australia)

U.S.\$150,000,000 Subordinated Floating Rate Notes due 1997

In accordance with the terms and conditions of the Notes, notice is hereby given that for the Interest Period from 18th February, 1988 to 18th August, 1988 the Notes will carry an Interest Rate of 7½ per cent. per annum. The Interest Amount payable on the Interest Payment Date which will be 18th August, 1988 is U.S.\$366.53 for each Note of U.S.\$10,000 and U.S.\$9,163.19 for each Note of U.S.\$250,000.

Westpac Banking Corporation

23 Wallbrook, London EC4A 3LD

Agent Bank

CITICORP
U.S. \$350,000,000
Subordinated Floating Rate Notes Due August 14, 2011
Notice is hereby given that the Rate of Interest has been fixed at 7.0625% p.a. and that the interest payable on the relevant Interest Payment Date May 19, 1988 against Coupon No.7 in respect of U.S.\$10,000 nominal of the Notes will be US\$176.56 and in respect of U.S.\$250,000 nominal of the Notes will be US\$4,414.06.
February 18, 1988, London
By: Citibank, N.A. (CSI Dept.), Agent Bank

CITIBANK

INTERNATIONAL CAPITAL MARKETS AND COMPANIES

Leeds Permanent FRN doubled to meet demand

BY CLARE PEARSON

LEEDS PERMANENT Building Society yesterday doubled the size of an existing floating rate note issue with a £100m extra tranche, the first variable rate Eurobond for a UK building society for five months.

day that it had received a good level of commitments and that it hoped to close the deal in the near future.

Like a deal for Deutsche Bank Australia on Tuesday, the bond was expected to appeal to Continental retail buyers, even though underwriters of other recent Australian dollar new issues are finding placement tricky at the moment.

General de Banque did not feature in the bond's co-management group since, as a matter of policy, it does not underwrite Australian or New Zealand dollar issues.

In the Eurodollar market, there was talk of a new 10-year issue for the European Investment Bank, though no such issue emerged.

convertible for Mitsui Bank was priced with a 2% per cent coupon, 1/4 per cent lower than expected. A \$70m equity warrants bond for Rohm had its coupon fixed at 4% per cent, while that on a \$110m deal for Fuji Fire and Marine Insurance was set at 4% per cent, both against 5 per cent indications.

D-Mark domestic bonds eased by about 1/4 point at the longer end. The market was ruffled by concerns about strains on the West German budget, following news of increased payments to the EEC. D-Mark Eurobonds were unchanged to 1/4 point better.

In Switzerland, prices eased in quite high volume. A further long-dated issue, spurred by current low Swiss interest rates, emerged as Sweden borrowed 20-year funds at 5 per cent through an issue led by Credit Suisse. The SFR200m bond, priced at 101, was bid at less than 1%.

INTERNATIONAL BONDS

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Further coupon cuts were announced on Japanese equity linked bonds as their terms were fixed yesterday. A \$200m

Tokyo unveils 'insider' proposals

By Stefan Wagstyl in Tokyo

JAPAN IS likely to have tough new insider trading laws by the end of this year, following criticism of its existing legislation from the US and the UK authorities.

The Ministry of Finance has revealed details of amendments to the post-war Securities and Exchange Act, which are to be put before the Diet (parliament) next year.

Mr Tamuro Fujita, a senior MoF official, said yesterday that the proposals would mean that 98 per cent of the cases regarded as insider dealing under US law would now be covered by Japanese regulations.

His comments were endorsed by Mr David B. Baker, chairman of the Securities and Exchange Commission, the US regulatory body, who was in Tokyo yesterday to discuss co-operation in regulatory matters.

However, some foreign stockbrokers said a change in the law could not change the entrenched close relationships between Japanese banks, securities companies and industrial groups, which made insider dealing extremely difficult to detect.

Mr Baker said it was extremely important to recognise cultural differences between the US and Japan. But the two countries' laws would be "similar or comparable."

The MoF draft plan defines insiders as people who are in a position to obtain information about a company before the public.

There are three categories: "insiders" such as company employees and leading shareholders;

"Quasi-insiders," including stockbrokers and "receivers of information," such as financial journalists as well as spouses and relatives to the second degree.

The proposals describe 24 kinds of inside information, covering company results, plans for acquisitions, production, and stock offerings.

Apart from persistent Western criticism of standards in Tokyo, the Japanese Government was stung into action by the scandal last year surrounding dealings in the shares of Tateba Chemical shortly before the company announced heavy losses in bond futures.

Hasuda Securities Bank, one of Tateba's eight banks, admitted selling 337,000 Tateba shares on the day of the announcement but denied this amounted to insider trading.

Mr Fujita said yesterday that if the proposed new laws had been in place and it could be shown the bank obtained information from Tateba prior to the announcement, then it could have been prosecuted.

Under the new definition, Hanashiro Sogo would be a "quasi-insider."

Japan and the US plan to increase contacts between regulatory and supervisory bodies in the wake of the October plunge in world stock markets.

A race is on for hedging German bonds. Haig Simonian reports Liffe eyes D-Mark business

THE LONDON International Financial Futures Exchange (Liffe) is preparing a futures contract to hedge West German 10-year federal government bonds (Bundesrepublik or "Bunds"), which could be ready to trade by as early as June.

The contract would appeal strongly to the large number of international investors in German government securities, which is one of the largest national debt markets in the world.

The project would also give Liffe a head start over Goffex (German Options and Financial Futures Exchange), the working title for the planned new German market in derivative products, which is due to open at the end of next year.

Mr Michael Jenkins, chief executive of Liffe, says: "The message we get is that there is a need among German institutions, banks in particular, to provide a hedging instrument for their German government bonds."

The exchange has been working on the specifics of a contract for some time and taking soundings from a large number of interested parties in both London and Frankfurt.

Although the existing cash market for Bundesrepublik bonds tends to be concentrated in Germany, there is very substantial trading in London, where both leading US houses and German banks are active.

Mr Jenkins said yesterday that the exchange has been pleased with the reaction so far from Mr Claus Kohler, the Bundesbank director responsible - although one senior colleague has described his response as best.

The German central bank certainly recognises the need for new derivative products, notably for hedging Bunds. It would prefer trading to take place in Frankfurt, yet the fact that such a possibility is still some way off makes it hard for the Bundesbank seriously to obstruct Liffe's plans.

More confusing are the signals from Germany's leading banks. Goffex is effectively the brainchild of the big banks, even though officially it is being developed under the auspices of a special committee of the Frankfurt Stock Exchange.

Mr Rolf Breuer, the board member of Deutsche Bank responsible for secondary market business, chairs the stock exchange committee, which also includes Dresdner Bank, Commerzbank, DG Bank and DZG.

Some of the banks may now be in a quandary. As leading participants in the Bund market, the banks are undoubtedly keen to see a hedging instrument introduced as soon as possible.

As backers of Goffex, however, they can hardly encourage Liffe's obvious advantage is that it can get its new German futures market up and running before Goffex has had time to get its feet under it.

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More important are the banks, especially those behind Goffex. The lynchpin is probably Mr Breuer, who is probably opposed to Liffe's scheme. If Liffe were to go ahead, Deutsche Bank would not trade its futures contract.

Such adamant opposition may be enough to block the proposal. However, if other German banks, including some of those behind Goffex, continue to show interest in the London venture, the position would be harder to sustain.

the strong demand for an instrument to hedge German bond exposure and the lengthy interval until Goffex opens. The main reason for the wait is the need for changes in Germany's stock exchange law to accommodate futures and options.

Goffex backers maintain all is running on schedule and that the Government is firmly behind the project. However, convincing politicians about futures and options is never easy, while the Federal Finance Ministry has recently been overwhelmed by a number of other priorities, notably witholding tax and the overshoot in the Government's budget deficit target. Thus Goffex's timetable may yet fall behind.

Even when it is established, however, the market has identified traded options on leading domestic equities as its first contract, with options on bonds and indices to follow.

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get it. But at the senior level at some banks, especially those involved with Goffex, it almost boils down to individuals. Some are apprehensive that the contracts should be traded in Germany, not in London first.

Liffe, meanwhile, is taking great pains not to adopt an antagonistic approach to Goffex. Officials are stressing they want to work with the German banks and have no plans to impede the new market. "The policy is to co-operate on this issue rather than bring everything to London," says one official.

One obvious idea not mentioned is the possibility of initiating a jointly traded contract with Goffex once it is up and running.

Liffe has a difficult task ahead if it decides to go it alone. In recent "wide-rangings" talks, the German Finance Ministry argued strongly that contracts should first be traded in Frankfurt.

Many of the civil servants concerned are new to the job. They are unfamiliar with Liffe. Yet even better information is unlikely to overcome their basic reluctance to see the development of markets outside Germany.

The ministry's backing is not essential, but Liffe - and the Bank of England - would undoubtedly prefer at least its neutrality.

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International trade in German gov't bonds

Dutch urged to speed bond settlement

THE NETHERLANDS must streamline its bond settlement and trading practices or risk being a backwater for increasingly demanding foreign borrowers, according to Mr Tyo van Marle, head of Credit Suisse First Boston Nederland, Renter reports.

should abandon the case-by-case settlement method and introduce fixed-day settlement on bond transactions, as has been practised in other countries and in the Eurobond market, Mr Marle said.

Trading in Amsterdam is concentrated on the Stock Exchange floor where hoekman firms (floor specialists) still act as intermediaries for almost every deal.

Perity because of their reluctance to maintain markets by taking large positions, as much as 20 per cent of trading in Dutch bonds has shifted to London, according to estimates made in Amsterdam.

Swiss Bank Corporation announced a SFR70m five-year convertible for Nippon Steel Chemical, with an indicated 1% per cent coupon and par price. It was quoted at 105 1/4 bid.

Union Bank of Switzerland announced a SFR150m six-year bond for Union Electric Finance. The 4 1/4 per cent bond, priced at 100 1/4, was also bid at less than 1%.

Deutsche Bank (Suisse) ran the books for the first time on an issue for a borrower other than its parent when it launched a SFR60m five-year equity warrants bond for Yamazen, a Japanese trading company specialising in machinery and tools.

The issue has an indicated 1% per cent coupon and par price. It traded at about 102 1/4 bid.

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Australia to launch A\$-US\$ contract

WITH THE promotional catchphrase "The buck starts here," the Sydney Futures Exchange will launch trading in its new Australia dollar-US dollar contract next Wednesday, writes Chris Sherwell in Sydney.

The contract replaces a similar exchange rate contract which was phased out in September. Trading volume for this was low, partly because the rate was quoted in Australian dollars - contrary to customary practice.

The aim of the contract remains the same, however: to allow financial institutions and large corporations to manage the currency risks associated with the Australian dollar's fluctuating exchange rate.

The Australian dollar's volatility since it was floated in 1983 has made it one of the world's most actively traded currencies. Australian dollar futures are already traded on the Chicago Mercantile Exchange and in Philadelphia.

The new contract represents an important, if obvious, expansion for the Sydney exchange. Its existing financial futures contracts cover 90-day bank bills, 10-year Treasury bonds and the local share market index domestically, and US Treasury bonds and Eurodollar interest rates internationally.

Beyond these, the exchange has contracts in gold, wool and live cattle.

Five floor members have agreed to provide buy and sell quotes for two hours each day for a minimum of \$1m for at least 10 weeks after the contract is launched.

The contract itself will be for A\$100,000 and will be quoted in US dollars per Australian dollar. Trading hours will be 8.30am to 4.30pm Sydney time. Delivery months are March, June, September and December out to six months ahead.

The specifications are broadly similar to the contract launched in Chicago in January 1987. But the contract has no link with Chicago - which is already tied in with Singapore in the Asian time zone - nor with Philadelphia.

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FT INTERNATIONAL BOND SERVICE

Listed are the latest international bonds for which there is an adequate secondary market.

Table with columns for Bond Name, Issued, Bid, Offer, Last, and Yield. Includes sections for US Dollar, Yen, Deutsche Mark, and Swiss Franc bonds.

OM earnings climb 46%

By Sara Webb in Stockholm

OM, ONE of the two Swedish options markets, has registered a 46 per cent increase in 1987 profit (after financial items) to SKr250m (\$36.1m).

OM was the first Swedish option market to be launched. Since its start-up in June 1985, business volume has increased rapidly.

It started by offering share and interest options, then introduced index options at the end of 1986 and is now considering currency options.

Income last year totalled SKr30.6m - over four times that of the previous year's SKr7.3m.

Options now account for 52 per cent of premium turnover, with an average of 27,000 contracts traded daily, compared with 8,900 contracts for share options. Turnover in index options increased sharply after the October bourse crash, OM said.

The board proposes raising the dividend from SKr5 to SKr6 and making a two-for-one rights issue.

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OSAKA GAS CO., LTD.

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UK COMPANY NEWS

GrandMet pension fund gives £150m surplus

BY ERIC SHORT, PENSIONS CORRESPONDENT

Grand Metropolitan, the UK-based drinks and hotels group, yesterday announced a £150m surplus in its UK group pension fund following the valuation made as at October 1 1987.

Independent News up 39%

BUOYANT conditions in the group's international markets boosted taxable profits at Independent Newspapers by 39 per cent to £83.4m (£7.7m) in the 12 months to December 25 1987.

DIVIDENDS ANNOUNCED

Table with 5 columns: Company Name, Current payment, Date of payment, Current dividend, Total for year. Includes Autmagic, British Kidney, Green Property, Independent News, Manganese Bronze, Northern Sec, Tst of Property.

Green Property

Green Property Company, Dublin-based property investment and development group, reported a slight increase from £1.38m to £1.4m in pre-tax profits for 1987.

AJS still opposes Drayton Japan split

By Nicki Tait

Drayton Japan, the £200m MIM-managed investment trust, yesterday published full details of its controversial "split level" reconstruction scheme.

ISSUE NEWS

Signs of life returning to the market

THE NEW issues market, which was badly hit by the crash, showed signs of renewed life yesterday with two major main market placings and the announcement of the over-subscription of AMI Healthcare's offer-for-sale.

Shanks & McEwan obtains listing

FEW EXECUTIVES would relish a description of their business as a load of rubbish. But the epithet is literally, rather than metaphorically, true of Shanks & McEwan.

Shanks is the largest UK operator of landfill sites, where local council, industrial and commercial customers deposit their refuse.

London Forfeiting postal application deadline

Hand-delivered applications for shares in London Forfeiting are being accepted until 11am today to arrive on Saturday February 20.

Automagic lower at half year

BY DOMINIQUE JACKSON

Automagic Holdings, USM-quoted heater operator and key cutter, saw pre-tax profits fall from £182,000 to £103,000 in the 24 weeks to October 17 1987.

The directors said sales in the early months of the financial year were low, in line with the shoe repair trade generally, and that increased finance charges had also depressed profits.

Earnings per share for the interim period slipped to 1.2p (1.9p) while the dividend was unchanged at 2.25p net.

Taxis boost Manganese

BY FONA THOMPSON

STRONG orders for black London taxis helped Manganese Bronze boost profits by 51 per cent for the six months to January 31 1988.

The company has three divisions: the vehicles, powder metals and foundries. "Most growth was in the vehicles division," Mr Jamie Borwick, managing director, said yesterday.

Since last year, the company has faced competition in the form of Metro-Cammell Weymann's Metrocab, after enjoying a monopoly position for 17 years.

TR Technology stake freed

BY RAYMOND HUGHES, LAW COURTS CORRESPONDENT

AN ELEVENTH hour undertaking by Fimandale Investments to dispose of its 27 per cent share in TR Technology Investment Trust, part of the Touche Renmant group, yesterday persuaded a High Court judge to end a temporary order freezing the 115m shares.

Fimandale had gone to court to try to end the injunction granted to T R Technology in December under provisions in the 1985 Companies Act relating to the disclosure of interests in shares.

On Tuesday, the sixth day of the hearing, Fimandale, a Jersey-based company, undertook not to dispose of the shares pending the final trial of the action in which T R Technology is trying to discover who behind Fimandale's acquisition of the shares.

Mr Justice Hoffmann stressed that his decision did not entitle Fimandale to say that it had done the legal contest. All he had done, he said, was to refrain from making a final order without giving Fimandale the opportunity to argue its case at a full trial.

The undertaking would protect T R Technology's interests pending a speedy trial, he said. The judge said that, had it not been for the undertaking, he would have dismissed Fir-

BY PHILIP COGGAN

TIP Europe valued at £83m in placings

TIP Europe, trailer rental company, has joined the market via a placing after abandoning earlier plans for an offer-for-sale because of the market crash.

The current issue is raising the maximum of £16m allowable in a London placing and a further £2.6m via a placing in Amsterdam. The combined placings value the company at £83.1m.

TIP Europe was formed after a management buy-out in 1986 of the European operations of TIP, a US company which was itself a division of another US company, Geico.

TIP is Europe's largest trailer rental organisation. In the year before the buy-out, profits fell because of a decision by the US parent to close down the French operations. But in the year to July 1987, pre-tax profits rose to £7.21m (£4.78m).

Kleinwort Benson is placing 12m shares in London and Netherlands Creditbank 2m shares in Amsterdam at 125p each. After allowing for the interest benefits of the flotation, the shares are on a historic p/e of 11 at the placing price.

See Lex

Turnover rises at Sock Shop

By Heather Formbrough

MS SOPHIE MIRMANN, chairman of Sock Shop, the specialist retailer, said yesterday at the company's annual meeting that the first four months of the financial year had shown significantly increased turnover, not only from existing shops but also by achieving higher sales in established outlets.

Mr Peter Moss, director for corporate development, said that turnover was 12-13 per cent higher in existing shops, with the overall increase in double figures.

Sock Shop intends to open 30 outlets in the UK and 12 in the US this year. It has recently strengthened its management and is expanding its design team. The company is installing electronic point-of-sale equipment into some of its outlets and is currently negotiating the acquisition of a 58,000 sq ft storage depot outside London.

The financial year end is being changed from September 30 to 28 February, which means that the next accounting period will cover the 17 months to February 28 1989, with two interim announcements and dividends.

gloom surrounds the Deans Powered Doors business, with the bus door market contracting, but the company is hoping to switch to train doors. The shares closed at 16p on last night at 21p. Assuming pre-tax profits for the full year of £5m, that produces a prospective p/e of about 11, reasonable value.

Advertisement for Fishers Agricultural Holdings limited, acquired by Allied Mills Limited, a wholly owned subsidiary of Associated British Foods plc. Includes ARBUTHNOT LATHAM BANK LIMITED Corporate Finance Division.

Table titled 'Public Works Loan Board rates' showing effective February 17, 1988. Columns: Years, Rate, etc. Includes rates for 1 to 25 years.

Advertisement for Provincial Trust, announcing its change of name to Provincial Bank PLC. Includes logo and contact information for Robert Hollinshead and Roy Soaker.

Advertisement for London Arab Investment Bank Limited, authorised under the Banking Act 1987. Includes logo and contact information for London Arab Investment Bank Ltd.

UK COMPANY NEWS

British Airways profit at £267m for nine months

BY MICHAEL DONNE, AEROSPACE CORRESPONDENT

British Airways yesterday announced third quarter pre-tax profits of £95m, against £37m for the comparable period, and taxable profits for the nine months to end-December of £267m, against £178m. It also disclosed that it had increased its stake in Hogg Robinson, the travel group, from just under 5 per cent to 9.7 per cent.

BA said it wanted to have a larger say in Hogg Robinson, one of the two main sales outlets for its tickets (the other being Thomas Cook). But Lord King, BA's chairman, described the purchase as "a long-term investment" and stressed that the group had "no present intention of making an offer for the remaining shares" of Hogg Robinson.

Turnover in the third quarter totalled £881m (£801m), while after tax of £12m (£1m) earnings per share worked out at 3.2p (5p). For the nine months, turnover totalled £2,548m (£2,525m), while earnings per share totalled 24.2p (24p).

These figures do not include British Caledonian Airways, which was still in the process of being taken over by BA during the quarter. Consolidated results for the combined BA/BCAL group, including the BCAL results from the date of acquisition, will be prepared for the full year to March 31.

Lord King said yesterday the indications were that business in the immediate future would



Sir Colin Marshall (left), BA chief executive, and Gordon Dunlop, financial director, take the air after announcing the results

remain relatively buoyant and he continued to look to the future with confidence.

This was despite the fact that trading losses normally incurred in the fourth quarter would be higher than usual, as a result of the expenses incurred in taking over British Caledonian.

The two organisations are to be combined, with scheduled services operating under the name of British Airways and charter services under the name of Caledonian Airways.

BA traffic figures for the nine months showed significant increases on the comparable

period of the previous year, with total BA passengers handled, including charter traffic, of 17,977m, against 15.7m, with cargo rising from 218,000 tonnes to 252,000 tonnes.

During the third quarter, BA finalised arrangements for a \$2bn (£1.15bn) facility to finance its future aircraft requirements. It is also in the process of raising £100m by way of Eurosterling notes and arranging a private placement of £250m 12-year floating rate notes to Japanese investors, which will be swapped into fixed rate dollars.

See Lex

David Waller looks at Trusthouse Forte's renewed interest in Savoy Hotel group

Share split is still main barrier

...the Savoy, which combines grandeur with homeliness, luxury with simplicity, and good taste and comfort so skilfully that it may be called the best-loved hotel in the world."

So wrote Compton Mackenzie in 1953, the year in which the compelling charms of the Savoy group of hotels - which include Claridge's, the Connaught and the Berkeley - first attracted the attentions of an unwelcome predator.

As events this week show, the group's charms to predators - in this case, Trusthouse Forte - are not much diminished many years later.

On Monday night, THF received an affidavit from the Savoy, which in turn prompted a caustic response from THF. The details of the exchange are obscure - partly because the affidavit has not been published, partly because of the complexity of the issues at stake - but out of the mist of speculation it emerged that Sir Hugh Wontner is to retire from the Savoy board as a director, 36 of which were as chairman.

"Why they chose to reveal this in an affidavit, I do not know," said THF chief executive, Rocco Forte, yesterday. "It will be interesting to see whether he gives up his apartment at Claridge's. If he did, the company would benefit to the tune of £500,000 a year."

THF's pique is wholly understandable. In apparent defiance of the fundamental principle of capitalist society, that ownership should be wedded to con-

trol, THF owns 69% per cent of Savoy's equity capital and yet has absolutely no influence on the management of the group. The reason is that THF owns only 42% per cent of the Savoy's high-voting 'B' shares.

The split of the company's share capital into 'A' and 'B' shares must rank as one of the most effective defence manoeuvres in UK corporate history. The original split took place in 1955 at Sir Hugh's initiative, and from that time on the company has been able to preserve its independence against all comers.

The move was a belated response to separate takeover attempts from Mr Charles Clow and Mr Harold Samuel some two years earlier. Then, as now, it was a battle between the Establishment and the Outsider. Clow - the Brunel of financial engineering - and Samuel made an assault on the sensibilities, as well as the watering-holes of the English upper classes. The Establishment rallied to its own.

In time, the pair would be absorbed into polite society: as chairman of Land Securities, Mr Samuel was to become the post-war property world's most prominent figure, and Mr Clow was to acquire wealth, and respectability, in proportion as the Sears Group grew in size.

But in the autumn of 1953, City gentlemen were scandalised at Samuel's plan to turn the Berkeley Hotel in Piccadilly into an office block.

Sir Hugh - then just plain Mr Wontner - responded with an

ingenious plan whereby ownership of the Berkeley was to be removed from the publicly quoted company and vested in



Sir Hugh Wontner, director of the Savoy

charitable trust. Later ruled as a "an invalid use of management power" by a Board of Trade Inspector, the so-called "Worcester Buildings" scheme was never implemented.

But it was enough to deter Mr Samuel from proceeding with a full bid. He sold his 20 per cent holding to the Savoy board at £3.25 a share, a substantial premium to the average price of £2 a share he paid when accumulating his stake.

One of the enduring mysteries

of the affair is how the Savoy board managed to raise the £1,344,000 required to buy him out, and how it managed to obtain the permission to do so from the Bank of England at a time of strict controls over lending.

Cazenove, the blue-blooded stockbroker, was retained to find a way of avoiding any further close shaves: the upshot of the consultation was the issue of 85,000 new 'B' shares which carried 850,000 votes. The same number of votes was carried by all the 550,000 'A' shares, with the result that the 'A' shares represented 97.7 per cent of the company's equity and carried only half the vote.

There was no jiggery-pokery: the 'B' shares were issued pro-rata to one's holding of 'A' shares so that shareholders' proportional voting rights were maintained; however, the new shares could be sold independently of the 'A' shares and the Savoy board and friendly trusts swiftly snapped up any loose 'B' shares. They now have 50% per cent of the total voting rights.

By the 1970's, a new predator appeared on the scene in the form of Victor Mathews of Trafalgar House: after numerous lunches with Sir Hugh, he passed his sizeable stake on to Maxwell Joseph of Grand Metropolitan, who saw the folly of seeking control and sold out to Rothschild Investment Trust.

which in turn sold the block on to the Kuwaiti Investment Office.

In 1981, THF made its £58m bid. Just as Samuel had pointed to the declining profitability of the Berkeley (it made £114,000 in 1945, and only £6,000 in 1954), Lord Forte hit out at the Savoy's trading record and what it claimed was the "mutilation" of its capital base.

Although Forte planned nothing quite so heretical as the conversion of the Berkeley, his offer met with the contempt that had once been turned towards Harold Samuel. Although ennobled, Forte encountered the patrician frolic afforded to one who had started life running a milk bar in Regent Street.

THF's strategy was to acquire a majority of the 'A' shares, then press for control at separate meetings of the two classes of shareholders. The courts ruled this out, and THF is now fighting a war of attrition.

The legal action started last year is designed to disenfranchise a 5.77 per cent block of 'B' shares issued in 1970 when the Savoy bought the Hotel Lancaster Hotel in Paris.

Owned through convoluted channels by supporters of the Savoy Board, the removal of the stake would leave the Savoy directors with 44% per cent of the votes against THF's 42% per cent. THF hopes it could then clinch control through market purchases.

Clyde buys Mel Oil in North Sea expansion

BY STEVEN BUTLER

Clyde Petroleum, the independent oil company, is expanding its North Sea exploration and production interests with the \$13.5m acquisition of Mel Oil from Hampton Oil Mining Areas, which is owned by Mr Alan Bond's Metals Exploration.

The purchase will serve to increase Clyde's participation

in seven blocks on the UK continental shelf in which it already has an interest, including the Balmoral and Glamis fields, and bring it into a new block as well.

The deal is to be funded by the issue of 11.95m new Clyde shares, representing 7.9 per cent of Clyde's capital, at 113p apiece. The shares are to be placed with investors.

Adscene pays £4.4m for Lincoln papers

By Dominique Jackson

Adscene, the Kent-based free newspaper group, is making an agreed bid for Lincolnshire Standard Group (LSG), valuing it at around £4.37m.

The directors of LSG and other shareholders have given irrevocable undertakings in respect of 300,490 ordinary shares (55 per cent).

For each LSG ordinary share, Adscene is offering either 800p in cash, 800p nominal of 8.5 per cent unsecured Adscene loan notes or 800p nominal of new 7.75 per cent convertible redeemable cumulative preference shares or any combination of the above up to a nominal total value of 800p per LSG share.

The offer price represents a premium of approximately 167 per cent over the last dealing price of 290p per LSG ordinary share on the last day of dealing, which was January 26.

The maximum number of convertible shares which can be issued with respect to the offer is 1.64m. If LSG shareholders elect for more than this number of convertibles, the excess will be scaled down pro rata.

The offer is subject to approval by Adscene shareholders, of whom 75 per cent have undertaken to vote in favour of the acquisition.

Japan Assets terms attacked by brokers

National Investment Group, the grouping of regional stockbrokers, yesterday expressed displeasure at the terms offered to convertible loan stockholders in Japan Assets Trust, one of the three Ivory & Sime-managed investment trusts currently involved in a complex reorganisation scheme.

Under the scheme, convertible loan stock holders can either convert early or receive a cash entitlement. In both cases, NIG argues that the lost income advantage is not sufficiently compensated. Unlike warrantholders - some of whom are also unhappy with the Japan Asset scheme - convertible loan stockholders are required to approve the proposals.

I&S's advisers maintain that net assets attributable to convertible loan stock have risen from around 95p ahead of the announcement to around 117p last night, and that "somewhere near" that figure would be available under the cash option.

Parkdale

Parkdale Holdings, property group, has completed the acquisition of Clifford Barnett, leisure development company, for an initial £3m.

The technical terms of the deal have been slightly altered. Instead of issuing loan stock to be redeemed for cash, Parkdale will now get an option on preference shares.

Clifford has now guaranteed pre-tax profits of £1.43m for 1988, compared with £800,000 guaranteed for the year to March 1988.

The total payment will not exceed £15m and depends on Clifford profits up to April 1993.

Control seeking

Control Techniques chairman, Mr Trevor Wheatley, told the annual meeting that the company was constantly seeking to acquire companies in the drives and related industries it was not currently represented. He said continued organic growth was anticipated as order books in both the UK and US were at an all-time high.

Monotype French foray

BY HEATHER FARMBOUGH

ANGLO-FRENCH detente has taken a step forward on the ISM with the £1.8m placing in France by Laurence Prust of 5 per cent of the issued share capital in Monotypepe, manufacturer and supplier of laser-based phototypesetting systems, on Tuesday.

The proceeds of the placing will be used to refinance the FFr 18m (£1.8m) cash acquisition of the typesetting equip-

ment supplier Graphic Systems Equipment, and to provide some additional working capital.

The 920,000 shares were placed at 200p per share, compared with a middle market price of 210p on Monday.

Since it was refloated on the USM in May 1985, Monotype's profits have grown steadily partly as a result of acquisitions.

EPIC responds to Peachey document

Estates Property Investment Company yesterday urged its shareholders to take no action on Peachey Property's £58.5m bid for the company at 240p a share. It was responding to the formal Peachey offer document.

Peachey said its offer was at a premium over EPIC's fully diluted net asset value, really 227p a share, not 268p as EPIC had said.

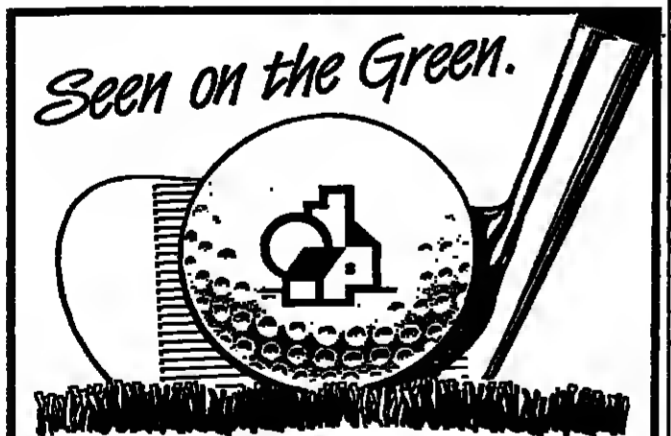
EPIC said that to take into account the contingent tax liability in the net asset value was misleading and relevant only if the portfolio was sold.

IMI in £13.5m plastics sale

IMI, diversified metals and engineering group, has agreed to sell its plastics business, IMI Yorkshire Imperial Plastics, for £13.5m.

The purchaser is the UK subsidiary of Uponor, a Finnish company which is a specialist in plastic pipes. Uponor, which is owned jointly by Finnish groups Neste and Asko, has annual turnover of around £200m.

The sale is part of IMI's continuing strategy of concentrating in areas where it has a market or technical lead.



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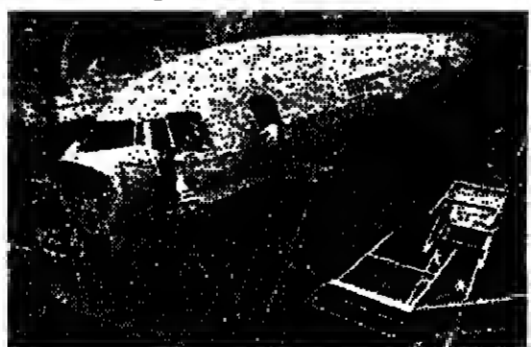


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"Banjo rings" that support the upper vertical stabilizer and aft engine air intake have already been cut for ship #1.

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MCDONNELL DOUGLAS

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UK COMPANY NEWS

David Lascelles looks at Standard Chartered's decision to sell Union Bank

An attempt to regain confidence



Michael McWilliam: "hard slog" in the UK

Standard Chartered's sale of Union Bank, its Californian subsidiary, to Bank of Tokyo for \$760m (£430m) this week marks the culmination of a six-month effort to restore its provision-navigated capital base. It was a wrenching decision: Union was a rare success story in a market which has proved the graveyard of many UK banking hopes. But will it be enough?

Mr Michael McWilliam, the chief executive, said yesterday that he was confident that his disposal programme (which also included a bank in Arizona and interests in South Africa) would dispel worries about Standard Chartered's fundamental weaknesses. Capital ratios are up, and disposal-related uncertainties are past.

Standard has also been cleared by a Bank of England inquiry of allegations of possible illegality in fighting off the hostile takeover bid by Lloyds Bank in 1984, which has relieved management of another concern.

Mr McWilliam predicts: "The focus now will be on how to obtain consistent and better profits rather than on the question whether we are overvaluing our capital."

His confidence was not universally echoed in the City yesterday, where Standard is still viewed as a bank with problems - albeit smaller ones as of this week. The impact of further provisions for Third World debts, the high certainty of a rights issue, and the long-running questions about Standard's "white squire" shareholders are still very much on people's minds. "The situation is still very fraught" says Mr John Gharis, an analyst with Banque Paribas Capital Markets.

The sales have netted Standard £77m in new capital (the precise calculation is complicated by the intricacies of US and UK accounting), and because the group has also shed \$6.3bn of assets, the ratio of equity to assets which measures bank strength has got a double boost. But it is only a partial catch-up.

Mr McWilliam will not say exactly what the new ratio is because Standard Chartered is in the process of finalising its 1987 accounts. But City analysts believe it has risen to around 4 per cent which is still well below the Big Four, as the accompanying table shows.

Standard has the further problem of being less heavily reserved against Third World loans than its UK counterparts. Last year, its provisions were 102 per cent of the exposure, compared to 25-30 per cent at other banks. If, as seems likely, the clearers make more provisions in their final 1987 accounts, the further Standard will have to do something too.

Mr McWilliam said yesterday that this had already been factored into his calculations. "We

Balance Sheet Ratios (Equity to assets %)

Barclays	4.7
Lloyds	4.9
Midland	5.7
NatWest	5.8
Standard Chartered	3.8

Estimates by House of Lords for 1987. Standard Chartered figure adjusted post sale of Union Bank.

builds up its equity, it will be able to count more loan stock as capital under bank of England rules. In the long run, a rights issue must be in view. Our stance on that is that we have got to be sure we can make a credible case for it," he says.

Quite how Standard manages to convince the market that it can be effective in its reduced form is now the major question facing management. After the sale of its US interests, Standard Chartered's operations consist of a bank in Canada (which had to be bailed out of some bad lending last year), a growing business in the UK, a steady but unexciting presence in Africa, and "the tigers" - its flagship operations in the Far East and Asia.

The new manager in charge of domestic banking, Mr Ian Paterson, formerly of Midland Bank, has just completed a sweeping review of the UK operations which resulted in six branch closures and a closer focussing of the bank's efforts on the company market. A more

detailed plan for "life after Union" will be presented to shareholders in a couple of months, Mr McWilliam said.

The sale of Union is a major strategic loss however. The bank was a key element in Standard's efforts to grow out of its colonial structure and expand in the industrialised world. Now, it has been thrown back on its more traditional markets where growth may come less easily. Mr McWilliam says there will be a "hard slog" rather than eye-catching moves in the UK, for example.

Standard's white squire shareholders, Mr Robert Holmes a Court and Sir Y K Pao, both with 14.9 per cent, are said to be strongly supportive of Standard's efforts to straighten itself out. Mr Holmes, a telephone Mr McWilliam yesterday to talk about latest developments, recently wrote down his holding in Standard since the crash. But Mr McWilliam says he is certain both he and Sir Y K Pao would support a rights issue if one were needed.

To the more pointed question, whether he feels Standard has become more or less vulnerable to renewed takeover now that it is in sounder financial shape, he says: "I have not felt vulnerable for a long time. There may be some restructuring in the banking industry as a result of regulatory changes, but that will be part of a deliberate process."

A likely influence on future direction



Yasuke Kashiwagi, chairman of the Bank of Tokyo.

THE Bank of Tokyo's \$750m (£428m) decision to take control of Union Bank, Standard Chartered's Californian subsidiary, was made after weeks of careful deliberation, writes Stefan Wagstyl in Tokyo.

The caution is understandable, not only because of the current turmoil in financial markets but also because the takeover is likely to influence the future direction of Bank of Tokyo as a whole.

The proposed purchase of Union Bank by Bank of Tokyo a 77 per cent owned subsidiary, California First Bank, is the largest foreign acquisition by any Japanese financial company - exceeding the \$530m paid by Nippon Life, the life insurance company, for a stake in Shearson Lehman Brothers, the US investment bank.

Bank of Tokyo's experience of foreign markets has long distinguished it from other big Japanese banks. Before the liberalisation of Tokyo's financial markets in the 1980s, Bank of Tokyo was the only Japanese bank authorised to handle most kinds of foreign exchange. As a result, it was by far the most known Japanese commercial bank overseas while at home it became what Mr Yasuke Kashiwagi, the chairman, once described as "a private bank with quasi-public responsibilities."

Following liberalisation, the bank has kept its place among the world's largest banks with total assets last September of \$20.22bn and it has retained a strong role in foreign exchange. Yet its dominance has gone, leaving it looking for new directions in which to go.

This was implicitly recognised in a Ministry of Finance study published at the end of last year which suggested the Bank of Tokyo should "de-emphasise" its foreign exchange function.

However, the bank cannot simply model itself on the other 12 big Japanese "city" or commercial banks because it does not have the same broad-based spread of domestic customers. It therefore seems both logical and necessary for the Bank of Tokyo to expand overseas.

But although the bank already operates in California, the move is not without its risks. Bank of Tokyo is brave to spend so much money, at a time of when turmoil in financial markets makes valuations difficult and when Japanese banks as a whole are putting a greater emphasis on improving profitability than on expanding assets.

The last point is particularly relevant to the Bank of Tokyo because it has the largest exposure of any Japanese bank to problem country debt.

In 1985, its exposure against hidden reserves of ¥1,484bn. By comparison Dai-ichi Kangyo Bank, the largest commercial bank, has debts of ¥385.7bn against hidden reserves of ¥3,950bn.

Bank of Tokyo has more than 250 overseas offices, subsidiaries and affiliates, with important wholesale banking operations in London, New York and elsewhere.

Moreover, in California First Bank it has a strong base in domestic banking in California.

Since acquiring control in 1975, Bank of Tokyo has steadily expanded its subsidiary which now has 130 branches mainly serving private individuals. At the end of 1986, net assets were \$342m and gross assets \$6,062m.

A Bank of Tokyo executive said yesterday that Union Bank was not a "hard slog" in California. First Bank, because Union's customers at its 32 branches were primarily small and medium-sized companies. Moreover, both banks could serve the rapidly growing number of Japanese companies active in California, he said.

Bank of Tokyo is considering merging the two Californian banks - as early as the summer, according to one report in Tokyo. Together, the Californian pair would form the 18th largest commercial bank in the US. Mr Tasuku Takagaki, Bank of Tokyo's senior managing director said the bank would be well placed to take advantage of the expected abolition in or after 1991 of California State's restrictions on inter-state banking.

But Union has had its problems. In 1984, Standard Chartered took over a portfolio of loans to Third World countries. In 1986, Union increased its loan loss provisions from \$25.3m to \$50.4m and last year it added a further \$103m.

At the end of last year net assets were \$690m, gross assets \$9,083m and net profits \$56.3m. Union's provisions are thought to reflect a general move by banks to review their Californian loan books in recent years.

Nevertheless, Standard & Poor's, the US credit rating agency, yesterday said the recent financial performance of Union Bank had deteriorated due to worsening asset quality problems, narrowing margins and high overhead expenses.

"Such problems could affect the results of the consolidated entity," S & P boss put Bank of

Tokyo's AA credit rating under review "with negative implications" - meaning it might be downgraded, it said. Concerns about the Union deal were exacerbated by Bank of Tokyo's relatively large exposure to sovereign debt difficulties.

Bank of Tokyo has two answers to these charges. First, it says \$750m falls well short of the \$1bn which Union was expected to fetch; and it adds that its five-year plan to build

up capital took account of the cost of the acquisition. It might have added a third reason: even in today's straightened times, banks in California do not come up for sale very often.

Commenting on the deal, Mr Mamoru Sakai, president of Long-Term Credit Bank, said while Japanese banks generally would probably slow down the rate of their overseas expansion, Bank of Tokyo had special and justifiable reasons for making the acquisition.

UK ECONOMIC INDICATORS

ECONOMIC ACTIVITY - Indices of industrial production, manufacturing output (1980=100); engineering output (1980=100); retail sales volume (1980=100); retail sales volume (1980=100); registered unemployment (excluding school leavers) and unfilled vacancies (000s). All seasonally adjusted.

1988	Ind. prod.	Mfg. output	Eng. output	Retail vol.	Retail vol.	Unemp.	Vacs.
1st qtr.	108.5	108.4	98	121.3	154.0	2,208	175.6
2nd qtr.	110.4	104.4	96	123.7	152.7	2,302	200.2
3rd qtr.	110.6	106.9	96	126.5	154.3	2,341	212.0
4th qtr.	111.3	106.5	96	126.4	157.9	2,373	216.4
1st qtr.	112.1	108.6	96	128.2	164.9	2,385	224.1
2nd qtr.	112.0	111.2	91	131.5	172.5	2,287	241.2
3rd qtr.	112.4	112.0	92	132.4	182.6	2,269	262.1
4th qtr.	112.8	108.9	92	129.4	187.3	2,285	234.7
1987	111.8	108.9	92	127.0	177.2	2,276	207.7
Jan.	112.8	112.2	92	127.0	177.2	2,276	207.7
Feb.	112.9	111.7	91	128.0	178.5	2,278	206.6
Mar.	112.9	111.7	91	128.0	178.5	2,278	206.6
Apr.	112.9	111.7	91	128.0	178.5	2,278	206.6
May	112.9	111.7	91	128.0	178.5	2,278	206.6
Jun.	112.9	111.7	91	128.0	178.5	2,278	206.6
Jul.	112.9	111.7	91	128.0	178.5	2,278	206.6
Aug.	112.9	111.7	91	128.0	178.5	2,278	206.6
Sep.	112.9	111.7	91	128.0	178.5	2,278	206.6
Oct.	112.9	111.7	91	128.0	178.5	2,278	206.6
Nov.	112.9	111.7	91	128.0	178.5	2,278	206.6
Dec.	112.9	111.7	91	128.0	178.5	2,278	206.6
1988	112.9	111.7	91	128.0	178.5	2,278	206.6
Jan.	112.9	111.7	91	128.0	178.5	2,278	206.6

OUTPUT - By market sector: consumer goods, investment goods, intermediate goods (materials and fuels), engineering output, metal manufacture, textiles, leather and clothing (1980=100); housing (000s); monthly average.

1988	Consumer goods	Investment goods	Eng. output	Textile etc.	Housing	Starts	
1st qtr.	104.1	98.2	115.0	95.4	108.1	108.1	14.6
2nd qtr.	105.2	99.5	116.0	101.4	109.6	104.1	15.6
3rd qtr.	106.4	98.3	117.2	101.9	108.5	102.2	15.5
4th qtr.	106.9	101.7	115.9	104.7	115.0	104.9	15.6
1987	107.7	101.0	115.9	102.9	112.8	102.9	17.4
1st qtr.	110.4	102.1	117.2	104.5	112.8	102.9	16.6
2nd qtr.	111.6	104.4	118.7	106.7	113.5	107.7	20.3
3rd qtr.	112.8	108.2	119.5	108.0	115.0	106.4	16.4
4th qtr.	114.4	108.5	121.5	108.0	115.0	106.4	16.4
1988	112.3	105.7	119.4	106.0	115.0	106.0	20.9
1st qtr.	112.7	107.9	119.7	106.0	115.0	106.0	17.9
2nd qtr.	112.7	107.9	119.7	106.0	115.0	106.0	17.9
3rd qtr.	112.7	107.9	119.7	106.0	115.0	106.0	17.9
4th qtr.	112.7	107.9	119.7	106.0	115.0	106.0	17.9
1987	112.9	107.5	119.3	110.0	112.0	109.0	18.1
1st qtr.	112.9	107.5	119.3	110.0	112.0	109.0	18.1
2nd qtr.	112.9	107.5	119.3	110.0	112.0	109.0	18.1
3rd qtr.	112.9	107.5	119.3	110.0	112.0	109.0	18.1
4th qtr.	112.9	107.5	119.3	110.0	112.0	109.0	18.1
1988	112.9	107.5	119.3	110.0	112.0	109.0	18.1
1st qtr.	112.9	107.5	119.3	110.0	112.0	109.0	18.1

EXTERNAL TRADE - Indices of export and import volume (1980=100); visible balance; current balance (£m); oil balance (£m); terms of trade (1980=100); official reserves.

1988	Export volume	Import volume	Visible balance	Current balance	Oil balance	Terms trade	Reserve US\$bn
2nd qtr.	121.0	128.1	-1,600	+146	+705	102.5	19.20
3rd qtr.	122.5	130.0	-2,291	-256	+621	102.2	19.23
4th qtr.	120.5	144.0	-2,735	-800	+705	100.9	21.92
1987	120.0	132.3	-1,125	-872	+1,164	100.5	27.04
1st qtr.	120.3	140.7	-3,302	-600	+1,023	102.6	24.26
2nd qtr.	120.7	151.0	-3,403	-1,106	+943	102.8	24.21
3rd qtr.	121.9	151.7	-2,988	-1,014	+943	102.8	24.21
4th qtr.	120.9	147.5	-2,225	-221	+924	102.5	24.91
1988	122.6	156.1	-3,097	-373	+872	102.9	24.26
1st qtr.	122.7	156.1	-3,097	-373	+872	102.9	24.26
2nd qtr.	122.7	156.1	-3,097	-373	+872	102.9	24.26
3rd qtr.	122.7	156.1	-3,097	-373	+872	102.9	24.26
4th qtr.	122.7	156.1	-3,097	-373	+872	102.9	24.26
1987	122.4	148.1	-2,225	-221	+924	102.5	24.91
1st qtr.	122.4	148.1	-2,225	-221	+924	102.5	24.91
2nd qtr.	122.4	148.1	-2,225	-221	+924	102.5	24.91
3rd qtr.	122.4	148.1	-2,225	-221	+924	102.5	24.91
4th qtr.	122.4	148.1	-2,225	-221	+924	102.5	24.91
1988	122.4	148.1	-2,225	-221	+924	102.5	24.91
1st qtr.	122.4	148.1	-2,225	-221	+924	102.5	24.91

FINANCIAL - Money supply M0, M1 and M3 (three months' growth at annual rate); bank sterling lending to private sector; building societies' net inflow; consumer credit; all seasonally adjusted. Clearing Bank base rate (end period).

1988	M0 %	M1 %	M3 %	Bank lending £m	Net inflow £m	Consumer credit £m	Base rate %
3rd qtr.	5.9	30.3	15.4	+6,985	186	+770	10.80
4th qtr.	7.4	18.3	14.1	+10,615	2,914	+601	11.00
1987	1.2	29.6	20.2	+6,729	1,445	+877	10.80
1st qtr.	8.3	32.7	22.9	+4,054	1,204	+1,085	9.00
2nd qtr.	8.1	32.5	21.7	+11,445	1,511	+974	10.00
3rd qtr.	7.3	23.2	22.7	+11,215	3,007	+983	8.50
4th qtr.	4.2	28.5	21.7	+3,979	566	+327	8.00
1988	7.7	21.5	14.5	+6,250	369	+277	9.00
1st qtr.	7.1	22.5	21.9	+6,253	687	+250	10.00
2nd qtr.	9.5	19.5	21.4	+4,221	197	+347	10.00
3rd qtr.	12.2	20.7	21.4	+6,070	1,015	+840	9.50
4th qtr.	11.9	17.5	21.9	+3,946	1,136	+840	9.50
1987	7.8	22.1	21.7	+4,204	1,008	+266	8.50
1st qtr.	12.2	20.7	21.4	+6,070	1,015	+840	9.50
2nd qtr.	11.9	17.5	21.9	+3,946	1,136	+840	9.50
3rd qtr.	12.2	20.7	21.4	+6,070	1,015	+840	9.50
4th qtr.	11.9	17.5	21.9	+3,946	1,136	+840	9.50
1988	12.2	20.7	21.4	+6,070	1,015	+840	9.50
1st qtr.	12.2	20.7	21.4	+6,070	1,015	+840	9.50

INFLATION - Indices of earnings (Jan 1980=100); basic materials and fuels; wholesale prices of manufactured products (1980=100); retail prices and food prices (Jan 1987=100); Eastern commodity index (Sept 1981=100); trade weighted value of sterling (1976=100)

1988	Earnings	Basic materials	Fuels	Wholesale prices	Retail prices	Food prices	Commodity index	Trade weighted
1st qtr.	179.1	122.4	142.3	98.5	96.9	102.5	75.1	75.1
2nd qtr.	184.0	128.8	146.7	97.8	95.7	101.4	76.1	76.1
3rd qtr.	187.5	140.0	147.4	97.4	95.3	101.4	76.1	76.1
4th qtr.	191.0	137.4	147.4	99.1	95.3	102.5	76.2	76.2
1987	182.0	120.0	140.0	100.0	100.0	100.0	75.0	75.0
1st qtr.	182.0	120.0	140.0	100.0	100.0	100.0	75.0	75.0
2nd qtr.	182.0	120.0	140.0	100.0	100.0	100.0	75.0	75.0
3rd qtr.	182.0	120.0	140.0	100.0	100.0	100.0	75.0	75.0
4th qtr.	182.0	120.0	140.0	100.0	100.0	100.0	75.0	75.0
1988	200.0	124.4	142.8	102.2	101.7	102.8	72.3	72.3
1st qtr.	200.0	124.4	142.8	102.2	101.7	102.8	72.3	72.3
2nd qtr.	200.0	124.4	142.8	102.2	101.7	102.8	72.3	72.3
3rd qtr.	200.0	124.4	142.8	102.2	101.7	102.8	72.3	72.3
4th qtr.	200.0	124.4	142.8	102.2	101.7	102.8	72.3	72.3
1987	200.0	124.4	142.8	102.2	101.7	102.8	72.3	72.3
1st qtr.	200.0	124.4	142.8	102.2	101.7	102.8	72.3	72.3
2nd qtr.	200.0	124.4	142.8	102.2	101.7	102.8	72.3	72.3
3								

TECHNOLOGY

SCIENTISTS at ICI, Britain's biggest chemicals group, have developed what is claimed to be not only a big advance in data storage material, but also the cheapest means in the world of recording information.

The material, an inexpensive plastic film that stores optical information and has many of the characteristics of paper, was unveiled by ICI scientists in London yesterday.

They call it "digital paper" and claim there is nothing to touch it on the data storage market at present. It was invented by ICI Electronics, the high-technology venture which the chemicals group launched in 1983 to exploit its in-house scientific resources and open new markets of higher added value than traditional chemical products.

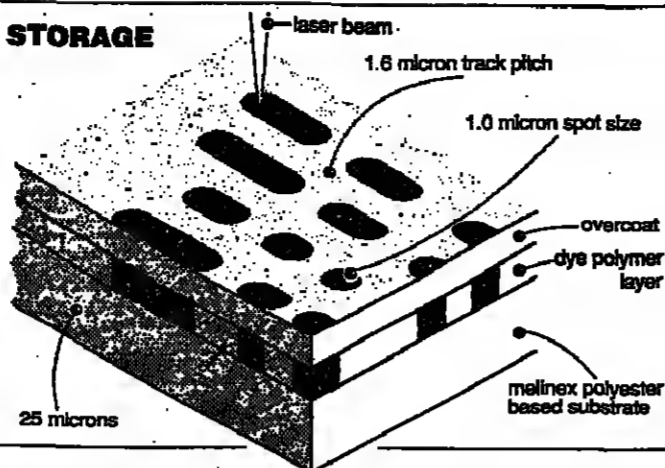
Digital paper brings together three separate strands of ICI science. The base material is Melinex polyester from ICI Films, finely tuned in its physical characteristics to give the necessary mechanical as well as optical properties.

This film is thinly coated with an infrared-sensitive dye created by the colour chemists of ICI Organics. The film is then enveloped in a protective coating (compounded by another part of ICI Films concerned with reprographics) to make a robust package that will handle like paper.

The three strands have been drawn together by a research team within ICI Electronics at Runcorn, Cheshire. It is led by Stephen Abbott and reports to William Barlow, the technical director. The team's work was discussed yesterday by Michael Strelitz, marketing manager of ICI Electronics, at a conference on optical memory applications.

In a presentation on new dimensions of optical storage,

DIGITAL PAPER DATA STORAGE



How ICI put a mighty memory down on 'paper'

A unique material from the company's electronics division cuts the cost of recorded information. David Fishlock reports

Strelitz said the result of the team's work was a flexible optical data storage medium available as a sheet with many of the properties of paper, including low cost.

It offered write-only (non-erasable) storage in a form potential users could adapt to their own needs, for example as rigid or flexible media, and as sheet, tape, disks, cylinders and other configurations still being considered.

As Strelitz sees it, the customer should treat it like paper, as a throw-away item that is also write-only and records its data indelibly.

ICI is supplying its digital paper from a pilot plant which makes it continuously as a wide web in lengths of a kilometre.

One of the companies with

which it has been working is Creo, a Canadian high-technology start-up near Vancouver, specialising in an optical tape drive with a gargantuan appetite for data. It will store 1 terabyte - a thousand billion bytes - on a tape half-a-kilometre long and 35 millimetres wide.

Creo sees such a storage capacity being needed for storing scientific data in geophysics and seismology, for satellite mapping of earth resources, and to provide comprehensive "auditor trails" for large computer systems which will automatically record all computer activity as a security measure.

The Canadian Government has ordered four of Creo's systems. ICI Electronics has worked

closely with Creo for the past year to make the terabyte store possible, says Strelitz. It illustrates the marketing philosophy of the ICI offshoot - to create new markets by inventing something that becomes an indispensable part of a new system. A common thread to all its new ventures is that it does joint development with hardware companies to create a new high-technology system.

Another example is provided by a US company called omega, of Roy, Utah, which has created a niche in the market for removable flexible disk systems. Its flexible disk comes in a cartridge with the robustness of rigid disk storage and the characteristics of a floppy disk in the ease with which it can be replaced.

Omega has set up a wholly-owned subsidiary called Bernauli Optical Systems Company to develop drives and cartridges based on Omega technology and ICI digital paper. The partners are filing joint patents and will shortly announce an optical storage system with major advantages in speed and data rates without a commensurate increase in costs, Strelitz says.

Stephen Abbott's research team, meanwhile, is pursuing still higher densities of data storage. At present the limitation is laser technology. Write-only optical storage uses a laser to burn a hole in the dye-impregnated portion of the film and change its reflectivity. Lasers of the right price and characteristics are available at present only for use at infrared wavelengths.

If a suitable laser could be developed for use in the blue-green part of the visible spectrum, storage density could at least be doubled. Abbott's scientists aim to have the appropriate digital paper ready to take advantage of new laser technology. Such may well come from Japan.

Another opportunity may lie in an erasable digital paper on which the data can be rewritten. The idea has not yet been applied to flexible storage although such companies as 3M have talked about the possibility of applying the magneto-optical properties of films of rare earth elements in this way. Strelitz says he is not convinced there is a market for erasable storage.

As for the cost of its digital paper, ICI says it works out less than half a cent per megabyte of data stored. "At that price it is the lowest cost recording medium in the world," claims Michael Strelitz.

WORTH WATCHING Edited by Geoffrey Charfish

Du Pont eases path to super fabrications

RESEARCHERS at Du Pont, the US chemicals group, have filed a patent for a superconducting ceramic which they say may be easier to fabricate than such materials discovered so far.

Superconductivity is the loss of electrical resistance as certain materials are cooled to extremely low temperatures. Recent discoveries have resulted in compounds where this phenomenon takes place at higher temperatures. But fabricating the materials has remained a problem.

Du Pont's new ceramic is a formulation of the oxides of bismuth, strontium, calcium and copper. As the temperature is reduced, superconductivity begins at minus 243 deg F and the material becomes fully conductive at minus 295 deg F.

The research team has determined the crystal structure of the material, which appears to be more stable than some existing superconductors.

Philips moves into data broadcasting

PHILIPS, the Dutch electronics group, is entering the broadcast data market in the UK. It will offer new terminals and design assistance in screen presentation.

In additions Philips will retail air time on behalf of Aircall Oracle which, using the Independent Broadcasting Authority's TV transmitters, is franchised to provide data services.

Data broadcasting produces on-screen results that look like the teletext information pages that many home TV sets can receive. The data is sent with, but separately from, TV programmes, and it makes use of unused time periods between each of the 50 TV pictures sent each second.

Unlike teletext which can be received by anyone, however, data from Aircall Oracle and Datacast (the BBC's service) is coded and can only be received by suitably programmed receivers.

Thus, a company can broadcast information privately to its branches, cus-

tomers, suppliers or any other chosen group. The data can be text, graphics, or a computer program fed direct into the recipient's computers. The clear advantage is that useful amounts of information can be sent quickly to large numbers of locations without the use of land lines.

Philips is about to sign a contract with a 3,000-branch UK building society, which it cannot yet name.

Tony Scott, manager of Philips' new data broadcasting division, predicts sales to travel agencies. He believes picking a holiday can be made earlier by the use of data broadcasting. Philips terminals can store 89 pages off-air for consideration by agents and clients. Then the line system can be used quickly for booking.

W German rapeseed ploughs own furrow

THE STATE of Lower Saxony in West Germany is planning to get rid of surplus rapeseed oil by using it as a fuel for tractors. The state is providing DM650,000 (£183,300) for the development of such rapeseed-compatible engines and a means of converting existing tractors to run on the oil.

For the project to succeed the European Commission would have to offer some form of subsidy so that the price of rapeseed would be competitive with that for diesel oil, the conventional fuel for tractors.

Such measures might seem desperate but Burkhard Ritz, the West German agriculture minister, says it would cost the EC no more than paying farmers to leave land fallow.

Widening scope for hair-raising images

DIGITHURST of the UK and SMV of West Germany, both specialists in the image capture and manipulation field, have merged to form Image Processing Systems (IPS), based in Zurich.

The companies were already co-operating in the exploitation of new applications, in particular a system which enables hairdressers to superimpose various hair

styles on a screen image of the customer.

IPS plans to promote similar systems for use in cosmetics, plastic surgery, estate agency and car sales.

Fax message takes a strong hold on the UK

FACSIMILE TRANSMISSION, a slow starter in the UK business community in the early 1980s, continues to display strong growth.

Figures released by the British Facsimile Industry Consultative Committee (BFICC), show that during 1987, the number of machines in use doubled from 86,000 to 173,000. The committee forecasts that sales during 1988 are likely to total 150,000.

The prime attraction is still the ability to send a replica of a document over ordinary phone lines. But fax has also grown in popularity thanks to increasing sophistication.

Modern units, for example, can store electronically the document fed in and transmit it at night when overseas recipients are in their offices, and at minimum phone costs are at a minimum.

Market men given some expert advice

THE Henley Centre, a UK business analysis and forecasting group, has devised an "expert" system that enables managers to measure the impact of business decisions on such things as demand, sales and market share. Called Emex, the product, like other expert systems, allows a computer to make human-like judgments.

Users collect relevant data and feed it into Emex which, with the market modelling skills of the Henley Centre built in, is then able to answer "what if?" questions. For instance, what is the effect of price change on sales, or the effect on market share of changes in advertising expenditure?

The companies were already co-operating in the exploitation of new applications, in particular a system which enables hairdressers to superimpose various hair

CONTACTS: Du Pont, 15, (202) 774 1000; Philips Business Systems UK office, 0206 870115; Image Processing Systems, UK, 0256 5555; Switzerland, 1 74 1143; BFICC, UK, 0438 68355; Henley Centre, London, 253 9961.

Soft words speak of Amstrad's European expansion

BY PAUL ABRAHAMS

AMSTRAD'S 26.4 per cent profit increase last week and extension to Europe of more sales in continental Europe comes as no surprise to Howard Fisher, director of marketing at Locomotive Software.

Fisher believes that his Dörking-based software company, which produces PCW, a word-processing package marketed with Amstrad's best-selling PCW series, has played an important role in the computer company's expansion on the continent. He argues that the

PCW series continues to have high sales on the continent because the software offered free with the computer was specifically designed for Europe.

"Previously, computers came from the US without even a 2-ign. European letters and accents were completely neglected. We decided to produce the first truly Europeanised word-processing system."

He claims that the second version of the program, Locoscript 2, handles nearly every

European language and that all accents can be displayed on the screen and printed.

The company also says that most scripts and special characters including those needed for Swedish, Greek, Russian, Ukrainian and Polish are available. A Welsh version will soon be put on sale.

When the PCW series was launched on the continent in 1986, Locomotive further tailored the product to the European market by offering Amstrad the possibility of

changing the keyboard to fit the needs of any particular country. The PCW series was the first popular dedicated word-processor launched in France to offer AZERTY rather than QWERTY keyboards. There are now nine different versions available.

"Locoscript is a revolutionary product. It introduced a generation of European users to word-processors," says Martin Hingley, program manager at the European division of the market research consultants,

International Data Corporation. Certainly, Amstrad has done well on the continent. It claims market-leadership for home and business computers in France and Spain. Exports accounted for 61 per cent of sales in the last six months.

Locoscript has also offered Amstrad some bizarre export successes. The company is the market-leader in Poland. Polargia, the London-based Polish agent for Amstrad, says that it is exporting four to six tonnes of computers every week.

Hoggett Bowers Executive Search and Selection Consultants

Finance Director
Rural East Anglia, c £30,000 Package, Car
This independent company has gone from strength to strength in the field of electronic communication systems for civil and defence applications. Profits are excellent and turnover of currently £4m is growing fast, with a significant increase projected for this year. The Finance Director will make a major contribution to policy and strategy, as well as developing refined information systems and managing the finance function. You should be a qualified accountant and have held a senior financial position in a successful and progressive company; treasury and export experience would be valuable, but above all you must be a capable manager, strategist and ideas person, keen to make a major contribution to a company with an exciting future. This is an excellent career opportunity which will give you the chance to grow in a fast moving operation with City links. The package consists of a high basic salary, together with share options, success related bonus, quality car, PPP for family and relocation assistance. The area is particularly attractive, easily accessible and has excellent schools, realistically priced housing, first class recreation facilities offering a high quality of life.
D.A. Beale, Hoggett Bowers plc, 13 Frederick Road, Edgbaston, BIRMINGHAM, B15 1JD, 021-455 7575. Ref: B12035/FT.

Financial Director Designate
Food Industry
East Scotland, To £28,000, Car, Profit Share
Firmly established in all its major market sectors and fully committed to continuing its profitable expansion through a planned programme of organic growth and selective acquisition, this progressive company has an outstanding opportunity for a dynamic Accountant to play a key role in their highly successful operation. Reporting to the Managing Director, responsibility is for the total cash management of all company activities, incorporating guidance in the strategic development of the business, the development and integration of multi-site computerised systems, the provision of financial information and reports and the management of a talented team to maximise their effectiveness. A qualified Accountant, preferably ACA, you will have a successful track record achieved at a senior level within an industrial processing or marketing environment and be able to demonstrate the necessary level of drive and ability to make a significant contribution to the overall success of the business. Attractive benefits and excellent prospects of promotion accompany this high profile position.
D.R. Davidson, Hoggett Bowers plc, 1 Mosley Street, NEWCASTLE-UPON-TYNE, NE1 1DE, 061-232 7455. Ref: N15036/DT.

These positions are open to male or female candidates. Please telephone for a Personal History Form to the relevant office, quoting the appropriate reference.

COMPANY SECRETARY
The Alexandra Towing Group, which is one of the large ship towage operators in the United Kingdom and has interests in road haulage, stevedoring, aviation and property, is seeking a qualified Company Secretary to work in their City office.
This important position will involve responsibility for statutory secretarial matters, but will also require, inter alia, knowledge of all aspects of employment procedures, and pension scheme administration. The Group has a fleet in excess of fifty vessels, so a knowledge of ship registration and marine legal procedures, including contracts, would be an advantage. The position would be ideally suited to a professionally qualified person with a marina background or interest.
A good remunerative package will be offered for the right person.
Apply in writing to: H Graham Mack, Managing Director, The Alexandra Towing Co. Ltd., Alexandra House, 3 Bow Lane, London EC4M 3EE

AUDIT MANAGER
QUALIFIED A.C.A. OR A.C.C.A.
c £21,000 per annum + Car + Mortgage
Sun Life of Canada, one of the world's largest life assurance companies, is currently seeking an Audit Manager to be based at its new Headquarters Office in Basingstoke.
Reporting to the Director of Internal Audit, he/she will fulfil an analytical and consultative co-ordinating role and managing assigned operational and financial audits. The ideal candidate will be aged around 30 with some 5 years' post-qualification experience. He/she must have had responsibility for managing audits with a major accounting firm or another financial institution.
Fringe benefits are excellent and include a Company car, subsidised mortgage scheme, free lunches and non-contributory pension scheme.
For further information, please telephone Nigel Downey our Director of Internal Audit on 0256 841414 Ext. 2218. Applications should be sent to:-
Mrs. Sue Hanington, Employment Adviser, Sun Life Assurance Company of Canada, Basing View, Basingstoke, Hampshire, RG21 2DZ

CONTROLLER
North Kent c£26K + car
Our client is a major Business Unit, part of a British based International Group, which manufactures and markets a range of quality products of which they have the largest market share in the UK.
An ambitious and experienced qualified Accountant is sought to be responsible to the Managing Director for the Financial and Data Processing functions. Candidates are likely to be in their 30's and already in a senior position in manufacturing industry. The ability to make a strong and innovative commercial contribution to the young and successful management team, and to relate successfully to the Group Board, is essential. Career prospects are excellent.
The remuneration package includes the benefits normally associated with a large Group.
Please reply in confidence enclosing full career details to Michael Bailey, Bull Thompson & Associates Ltd, Alliance House, 63 St. Martin's Lane, London WC2N 4JX, quoting reference 1417.

International Appointments
GENEVA - SWITZERLAND
You are Swiss and are an experienced in the Eurobond Market, as Dealer or Salesman for at least 3 to 5 years and wish to return to Switzerland
We offer you the possibility to work in a small team of younger people who want to learn from your experience. You have the possibility to become in charge of the Foreign Bond Desk.
Please send your application to: Swiss Bank Corporation - staff division, post box, 1211 Geneva, Switzerland. Of course your application will be kept very confidential.
Société de Banque Suisse
Your chance

Auditor (Electronic Data Processing)
United Nations Agency running education, health and welfare services for Palestine refugees requires Auditor to conduct financial ministrations, specifically of the computerized information and data processing systems. Post is based in Vienna and involves frequent travel in Middle East. Successful candidate requires University Degree in Accountancy, advanced training or coursework in Electronic Data Processing and at least five years of related experience in large governmental, international, or commercial organisation. Annual net tax free salary ranges from US\$ 45,000.- to US\$ 60,000.- plus fringe benefits
Please send CV's to: Chief, Personnel Services Division UN/7/88, UNRWA headquarters, Vienna International Center, P.O.Box 700, A-1400 Vienna, Austria

COMMODITIES AND AGRICULTURE

Gold loans worth \$220m 'being negotiated'

By Kenneth Gooding, Mining Correspondent

TWO MORE gold loans, totaling 500,000 troy ounces - about 15 tonnes - and worth about \$220m (£126.4m), are being negotiated, say London traders.

Venezuelan oil reserve may rise by 9bn barrels

By Richard Johns

THE STATE hydrocarbons corporation Petroleos de Venezuela expects to add 9bn barrels to its proven oil reserves by its 1988-92 exploration scheme, Mr Juan Chacin, its president, said yesterday in London.

US farmers facing hard times

AS MR Bob Helmer points to a circling bald eagle above his snow-covered wheatfields in south-western Wyoming his gaze is unmistakably a sad one.

He is also facing rising freight costs for shipping his wheat to a grain elevator 550 miles away in Utah.

The wheat-farmers say the Administration does not classify the figures into commodity groups precisely because this would paint such a bleak picture of certain areas that no one could ever be persuaded to invest there.

He says that under the current programme farmers idle least-productive land first and continue to produce almost as much as before.

Deborah Hargreaves looks at bankruptcy prospects in a surging market

cents a bushel in last second-half. That cost farmers an extra \$800 each for the period, on average.

effects of new farm-credit laws, to see if this will help them stave off bankruptcy.

Mr Helmer has so far idled 500 acres under the government scheme, for which he is paid \$50 an acre.

Indian cotton crop set back

By R.C. MURPHY IN BOMBAY

INDIA'S COTTON crop has been set back by the 1987 output estimate being cut to 8.7m bales (170 kg each) from over 9m bales two months ago.

It said Iran exported more than 19,000 tonnes this year. Western European countries, mostly to West Germany and France.

Indonesia cuts sugar estimate

INDONESIA'S RAW sugar output this year is expected to rise only slightly, to 2.17m tonnes, compared with 2.15m tonnes in 1987.

of Bulog, the National Food Logistics Agency, said last month that Indonesia would import 125,000 tonnes of sugar to buttress stocks and to meet demand during the Muslim fasting month of Ramadan which begins in mid-April.

reports saying Indonesia would need between 250,000 tonnes and 600,000 tonnes of sugar in the present year.

Indian tea output hits record

INDIAN TEA output last year was a record 673.3m kg, surpassing an industry estimate of 670m kg, the Indian Tea Board said, reports Reuter from Calcutta.

Funds to aid Scottish fish farming

By James Buxton in Edinburgh

THE Crown Estate Commissioners are to invest nearly \$300,000 in research to support marine fish-farming in Scotland over the next three years.

of between 10 per cent and 15 per cent of salmon in a fish-farm.

Cadmium price firm at \$7.20

CADMIUM traded at \$7.20 a lb yesterday, near the record free-market price of \$7.40 set in early trading on Tuesday, writes Ore Commodities Staff.

Mr Bustanil Arifin, chairman of Bulog, the National Food Logistics Agency, said last month that Indonesia would import 125,000 tonnes of sugar to buttress stocks and to meet demand during the Muslim fasting month of Ramadan which begins in mid-April.

Exports to China, the second-largest market, rose to a record 484,000 tonnes, from 443,000 in 1986, he said.

Australia raises output of raw

AUSTRALIAN RAW sugar output rose to 3.54m tonnes at raw value in the 1987 crushing season, from 3.48m tonnes in 1986, said Queensland Sugar Board, reports Reuter from Brisbane.

WORLD COMMODITIES PRICES

LONDON MARKETS

Table with columns: Commodity, Price, Change. Includes COCOA, COPPER, COFFEE, RUBBER, and various oils.

LONDON METAL EXCHANGE

Table with columns: Metal, Price, Change. Includes ALUMINIUM, CASH, COPPER, LEAD, NICKEL, SILVER, ZINC.

US MARKETS

Table with columns: Commodity, Price, Change. Includes CRUDE OIL, SOYABEANS, WHEAT, and various grains.

Chicago

Table with columns: Commodity, Price, Change. Includes SOYABEANS, WHEAT, and various grains.

SPOT MARKETS

Table with columns: Commodity, Price, Change. Includes CRUDE OIL, BRENT BLEND, W.T.I., and various oils.

POTATOES & SOYABEANS

Table with columns: Commodity, Price, Change. Includes POTATOES, SOYABEANS.

LONDON BULLION MARKET

Table with columns: Commodity, Price, Change. Includes GOLD, SILVER.

New York

Table with columns: Commodity, Price, Change. Includes GOLD, SILVER.

GRANES & OILS

Table with columns: Commodity, Price, Change. Includes RUBBER, COCOA, and various oils.

WHEAT

Table with columns: Commodity, Price, Change. Includes WHEAT, BARLEY.

LONDON METAL EXCHANGE TRADED OPTIONS

Table with columns: Metal, Price, Change. Includes ALUMINIUM, COPPER, ZINC.

INDEXES

Table with columns: Index, Value, Change. Includes REUTERS, DOW JONES.

LONDON METAL EXCHANGE TRADED OPTIONS

Table with columns: Metal, Price, Change. Includes ALUMINIUM, COPPER, ZINC.

Rates

Table with columns: Currency, Rate, Change. Includes GBP, USD, and various international currencies.

CURRENCIES, MONEY AND CAPITAL MARKETS

FOREIGN EXCHANGES

Dollar quiet but lower

THE DOLLAR'S recent half-hearted attempt to break through the DM1.72 level came to a halt yesterday. US economic data provided little reason to buy the dollar and in view of that, investors became disillusioned and started to test the downside.

of England figures, the dollar's exchange rate index slipped to 96.4 from 96.5. STERLING-Trading range against the dollar in 1987/88 is 1.8785 to 1.4710. January average 1.8001. Exchange rate index was 74.3 at the close, unchanged from the opening and Tuesday's close.

rate index 148.9 against 145.8 six months ago. The dollar lost ground towards the close in Frankfurt yesterday. It closed at DM1.7050, down from DM1.7100 on Tuesday. Earlier in the day it had been fixed at DM1.7114. Fears of central bank intervention were still apparent but the mood of the market now seemed intent upon exploring the downside.

FINANCIAL FUTURES

Waiting for banking data

DOLLAR AND sterling denominated interest rate futures finished firm on Life yesterday. US statistics produced no great surprises and any doubts about the implications of the UK PSBR figures, released Tuesday, will now wait until today's announcement of bank lending for further analysis.

against 0.5 p.c. in December, was in line with expectations, but the fall of 1.9 p.c. in January US housing starts was outside the general level of forecasts. This encouraged a slight move up in US Treasury bond futures, but trading was generally quiet.

ted PSBR repayment last month. Mr Marc Hendriks, senior economist at Baring's economic unit, feels there is no strong evidence that company borrowing will produce a very high bank borrowing figure. Baring's expects this to be around \$3.5bn, against market rumours of up to \$6bn, and a general level of forecasts of around \$4bn to \$4.5bn.

US housing starts showed a surprise fall of 1.9 p.c. in January compared with market expectations of a 4 p.c. to 7 p.c. rise, and compared with a fall of 15.2 p.c. in December. The erratic nature of the figure made any serious assessment impossible. However one analyst pointed out that a rise in mortgage rates late last year was probably having some effect, since housing starts are renowned as being a very interest rate sensitive sector. A 0.2 p.c. rise in US industrial production was in line with expectations. The increase in December was also 0.2 p.c.

As one dealer volunteered, "After a brief down turn in the afternoon it was all back to twiddling our thumbs." The dollar touched a high of DM1.7180 before coming back to finish at DM1.7050 compared with DM1.7080 on Tuesday. Against the yen it finished at ¥130.30 from ¥130.20. Elsewhere it finished at SFr1.4020, unchanged from Tuesday, and FF9.7625, down from FF9.7725. On Bank

Dealers pointed out that profit taking would increase quite sharply if the dollar moved above ¥131, while the fear of central bank intervention was there to limit the downside to some extent.

£ IN NEW YORK

Table with 3 columns: Bid, Ask, Premium. Rows for 2 Spot, 1 month, 3 months, 12 months.

STERLING INDEX

Table with 3 columns: Bid, Ask, Premium. Rows for 2.50, 3.00, 3.50, 4.00, 4.50.

CURRENCY RATES

Table with 4 columns: Country, Bid, Ask, Premium. Rows for US Dollar, Canadian Dollar, Australian Dollar, etc.

CURRENCY MOVEMENTS

Table with 4 columns: Country, Bid, Ask, Premium. Rows for Sterling, US Dollar, Canadian Dollar, etc.

OTHER CURRENCIES

Table with 4 columns: Country, Bid, Ask, Premium. Rows for Argentina, Australia, Brazil, etc.

MONEY MARKETS

Rates hold steady

INTEREST RATES were steady on the London money market yesterday, as dealers waited for today's figures on UK money spending. The Bank of England set rates on special lending facilities rolled over to eligible banks. This money was first offered on January 13, to offset tightness in the money market, because of seasonal tax payments.

For sale and repurchase agreements rolled over for one week the rate was 8 p.c., and for agreements rolled over for 40 days, until the facility expired on March 28, the rate was 8 1/2 p.c. In each case this was equivalent to the mid-market rate, ruling yesterday morning.

The Bank of England initially forecast a money market shortage of £100m, but revised this to around £200m at noon, and to £250m in the afternoon. Total help provided by the authorities was only £66m. Before lunch the Bank of England bought £14m bank bills outright in band 4 at 8 1/2 p.c. In the afternoon the authorities purchased another £27m bank bills through £2bn of customer repurchase agreements. Federal funds were trading at 6 1/2 p.c. at the time of the Fed's operation, compared with an average of 5.90 p.c. on Tuesday.

EMS EUROPEAN CURRENCY UNIT RATES

Table with 4 columns: Country, Bid, Ask, Premium. Rows for Belgium, Denmark, France, etc.

POUND SPOT - FORWARD AGAINST THE POUND

Table with 4 columns: Bid, Ask, Premium. Rows for 1 month, 3 months, 6 months, 12 months.

DOLLAR SPOT - FORWARD AGAINST THE DOLLAR

Table with 4 columns: Bid, Ask, Premium. Rows for 1 month, 3 months, 6 months, 12 months.

EURO-CURRENCY INTEREST RATES

Table with 4 columns: Bid, Ask, Premium. Rows for 1 month, 3 months, 6 months, 12 months.

EXCHANGE CROSS RATES

Table with 4 columns: Bid, Ask, Premium. Rows for £/\$, £/DM, £/FF, etc.

FT LONDON INTERBANK FIXING

Table with 4 columns: Bid, Ask, Premium. Rows for 1 month, 3 months, 6 months, 12 months.

LONDON MONEY RATES

Table with 4 columns: Bid, Ask, Premium. Rows for 1 month, 3 months, 6 months, 12 months.

Table with 4 columns: Bid, Ask, Premium. Rows for 1 month, 3 months, 6 months, 12 months.

PHILADELPHIA SIX MONTHS

Table with 4 columns: Bid, Ask, Premium. Rows for 1 month, 3 months, 6 months, 12 months.

LONDON

Table with 4 columns: Bid, Ask, Premium. Rows for 1 month, 3 months, 6 months, 12 months.

CHICAGO

Table with 4 columns: Bid, Ask, Premium. Rows for 1 month, 3 months, 6 months, 12 months.

SWISS FRANK

Table with 4 columns: Bid, Ask, Premium. Rows for 1 month, 3 months, 6 months, 12 months.

THREE MONTHS

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Table with 4 columns: Bid, Ask, Premium. Rows for 1 month, 3 months, 6 months, 12 months.

THE CORPORATE INVESTOR'S PHONE CHECK LIST. When investing your company funds, you shouldn't accept the first rate you're quoted. In spite of the urgency to firm up a deal, many suggest you consider Forward Trust Treasury Services.

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Announcements. We are pleased to announce that effective 28th March 1988 the United Kingdom and Eire General Agency for the Container Service of China Ocean Shipping Company will be changed.

Announcements. Notice is hereby given that the undersigned has been appointed as the liquidator of the company known as BRASILEST S.A. Sociedade de Investimento Capital Estrangeiro.

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Handwritten text at the bottom of the page: 150 من الأصل

EUROPEAN OPTIONS EXCHANGE

Table with columns for Series, Feb 88, May 88, Aug 88, and Stock prices. Includes sub-sections for Gold, Silver, and various European indices like EDE Index C, EDE Index P, etc.

BASE LENDING RATES

Table listing various banks and their base lending rates for different currencies and terms. Includes columns for Bank, Rate, and Currency.

London's Airports
The Financial Times proposes to publish this survey on:
22nd March 1988
For a full editorial synopsis and details of available advertisement positions, please contact:
Tim Kingham
on 01-248 8000 ext 3606
or write to him at:
Bracken House
10 Cannon Street
London
EC4A 4BY

FT CROSSWORD No.6,559

Crossword puzzle grid with numbers 1-31 indicating starting positions for clues.

ACROSS
1 Send for the whole half day (6)
4 Redhead always close to clergyman (8)
10 Reserved unusually static books (7)
11 Schoolboy rude to Annie (7)
12 Learning Latin or English (4)
13 They'll decide when they cross (10)
14 "Mid-morning Bible-bashing" is a mouthful (6)
16 For bad sprain swallowing one tablet (7)
20 When semi-nude be evasive for protection (7)
21 Sausy is the leg when Reagan is around (6)
24 Bookseller, about 60, to procure novel (10)
26 Skate for backing famous nouns (4)
28 Poor setter having nothing in his favour? (7)
29 Keep secret fuel outside northern church (7)
30 Separate salesmen reverse into side turning (8)
31 See cathedral city around five - it's beautiful (6)
DOWN
1 Face conductor with subsidiary job (8)
2 Skinfilt skilful but unhappy (9)
3 Look up when artist comes in for test (4)
5 Mounted soldiers cut out outside drill (8)

FT UNIT TRUST INFORMATION SERVICE

AUTHORISED UNIT TRUSTS

Large table listing authorized unit trusts with columns for Name, Manager, and other details. Includes sub-sections like Abbey Unit Trst, Abbey Unit Trst (M), etc.

FT UNIT TRUST INFORMATION SERVICE

Large table listing unit trusts with columns for Name, Manager, and other details. Includes sub-sections like Abbey Unit Trst, Abbey Unit Trst (M), etc.

FT UNIT TRUST INFORMATION SERVICE

Main table containing financial data for various unit trusts, including columns for fund names, managers, and performance metrics. Includes sub-sections for 'INSURANCES' and 'Legal & General (Unit Trusts) Ltd'.

FT UNIT TRUST INFORMATION SERVICE

Main table containing unit trust information with columns for company name, unit price, and other financial metrics. Includes sub-sections like 'MANAGEMENT SERVICES' and 'OFFSHORE AND OVERSEAS'.

Handwritten text at the bottom center of the page.

FT UNIT TRUST INFORMATION SERVICE

LONDON SHARE SERVICE

Handwritten note: "No limits"

Table of FT Unit Trust Information Service, listing various unit trusts with columns for Name, Investment Objective, and Performance Data.

BRITISH FUNDS

Table of British Funds, categorized into 'Shares' (Lives up to Five Years) and 'Fixed Interest' (Lives up to Five Years).

BRITISH FUNDS - Contd

Continuation of British Funds table, including 'Index-Linked' and 'Govt & Overseas' categories.

FOREIGN BONDS & RAILS

Table of Foreign Bonds & Rails, listing international investment options with columns for Name, Price, and Yield.

AMERICANS

Table of American Funds, listing US-based investment vehicles.

CORPORATION LOANS

Table of Corporation Loans, listing various corporate debt instruments.

COMMONWEALTH & AFRICAN LOANS

Table of Commonwealth & African Loans, listing international debt.

LOANS

Table of Loans, listing various financial products.

Public Bond and Int'l

Table of Public Bond and International investments.

Over Five Years

Table of Over Five Years investment options.

Over Five Years

Continuation of Over Five Years investment options.

Continued on next page

Money Market

Trust Funds

Money Market

Bank Accounts

UNIT TRUST NOTES

Notes regarding unit trusts and investment services.

Additional notes and contact information.

LONDON SHARE SERVICE

AMERICANS - Contd

Table listing American stocks including IBM, AT&T, and General Electric with columns for stock name, price, and change.

BUILDING, TIMBER, ROADS - Contd

Table listing building, timber, and roads stocks such as Bovis Lend Lease and Bovis Lend Lease PLC.

DRAPERY AND STORES - Contd

Table listing drapery and stores stocks including Debenhams and Debenhams PLC.

ENGINEERING - Contd

Table listing engineering stocks such as BAE Systems and BAE Systems PLC.

INDUSTRIALS (Miscel.) - Contd

Table listing various industrial stocks including British Petroleum and British Petroleum PLC.

INDUSTRIALS (Miscel.) - Contd

Table listing various industrial stocks including British Petroleum and British Petroleum PLC.

CANADIANS

Table listing Canadian stocks including Alcan and Alcan PLC.

BANKS, HP & LEASING

Table listing bank and hire purchase/leasing stocks such as Abbey National and Abbey National PLC.

ELECTRICALS

Table listing electrical stocks including British Telecom and British Telecom PLC.

FOOD, GROCERIES, ETC

Table listing food and grocery stocks such as Asda and Asda PLC.

INDUSTRIALS (Miscel.) - Contd

Table listing various industrial stocks including British Petroleum and British Petroleum PLC.

INDUSTRIALS (Miscel.) - Contd

Table listing various industrial stocks including British Petroleum and British Petroleum PLC.

BANKS, HP & LEASING

Table listing bank and hire purchase/leasing stocks such as Abbey National and Abbey National PLC.

CHEMICALS, PLASTICS

Table listing chemical and plastic stocks including ICI and ICI PLC.

DRAPERY AND STORES

Table listing drapery and stores stocks including Debenhams and Debenhams PLC.

FOOD, GROCERIES, ETC

Table listing food and grocery stocks such as Asda and Asda PLC.

INDUSTRIALS (Miscel.) - Contd

Table listing various industrial stocks including British Petroleum and British Petroleum PLC.

INDUSTRIALS (Miscel.) - Contd

Table listing various industrial stocks including British Petroleum and British Petroleum PLC.

BEERS, WINES & SPIRITS

Table listing beer, wine, and spirit stocks such as Carlsberg and Carlsberg PLC.

BUILDING, TIMBER, ROADS

Table listing building, timber, and roads stocks such as Bovis Lend Lease and Bovis Lend Lease PLC.

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Table listing engineering stocks such as BAE Systems and BAE Systems PLC.

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Table listing various industrial stocks including British Petroleum and British Petroleum PLC.

INDUSTRIALS (Miscel.)

Table listing various industrial stocks including British Petroleum and British Petroleum PLC.

INSURANCES

Table listing insurance stocks such as Prudential and Prudential PLC.

BUILDING, TIMBER, ROADS

Table listing building, timber, and roads stocks such as Bovis Lend Lease and Bovis Lend Lease PLC.

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Handwritten note: 10/11/10/10

LONDON SHARE SERVICE

INSURANCES - Contd

Table of insurance companies and their share prices, including Royal Indemnity, Commercial Union Assurance, and others.

PAPER, PRINTING, ADVERTISING - Contd

Table of paper, printing, and advertising companies, including Newsprint, Newsprint, and others.

TEXTILES - Contd

Table of textile companies and their share prices, including British Textiles, British Textiles, and others.

TRUSTS, FINANCE, LAND - Contd

Table of trusts, finance, and land companies, including British Trustee, British Trustee, and others.

OIL AND GAS - Contd

Table of oil and gas companies and their share prices, including British Petroleum, British Petroleum, and others.

MINES - Contd

Table of mining companies and their share prices, including Anglo American, Anglo American, and others.

LEISURE

Table of leisure companies and their share prices, including British Leisure, British Leisure, and others.

PROPERTY

Table of property companies and their share prices, including British Property, British Property, and others.

TOBACCO

Table of tobacco companies and their share prices, including British Tobacco, British Tobacco, and others.

TRUSTS, FINANCE, LAND

Table of trusts, finance, and land companies, including British Trustee, British Trustee, and others.

OVERSEAS TRADERS

Table of overseas traders and their share prices, including British Overseas, British Overseas, and others.

PLANTATIONS

Table of plantation companies and their share prices, including British Plantations, British Plantations, and others.

MOTORS, AIRCRAFT TRADES

Table of motor and aircraft trade companies and their share prices, including British Motors, British Motors, and others.

COMMERCIAL VEHICLES

Table of commercial vehicle companies and their share prices, including British Commercial, British Commercial, and others.

FINANCE, LAND, ETC

Table of finance, land, and other companies, including British Finance, British Finance, and others.

MINES

Table of mining companies and their share prices, including Anglo American, Anglo American, and others.

THIRD MARKET

Table of third market companies and their share prices, including British Third Market, British Third Market, and others.

NOTES

Notes section providing additional information and commentary on the market.

NEWSPAPERS, PUBLISHERS

Table of newspaper and publishing companies and their share prices, including British Newspapers, British Newspapers, and others.

SHIPPING

Table of shipping companies and their share prices, including British Shipping, British Shipping, and others.

SHOES AND LEATHER

Table of shoes and leather companies and their share prices, including British Shoes, British Shoes, and others.

SOUTH AFRICANS

Table of South African companies and their share prices, including British South Africans, British South Africans, and others.

TEXTILES

Table of textile companies and their share prices, including British Textiles, British Textiles, and others.

REGIONAL & IRISH STOCKS

Table of regional and Irish stocks, including British Regional, British Regional, and others.

TRADING

Table of trading companies and their share prices, including British Trading, British Trading, and others.

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LONDON STOCK EXCHANGE

Gilt-edged and equities in better form as markets await bank lending figures

Account Dealing Dates table with columns for Date, Option, Last, Account, Day

THE UK GOVERNMENT bond sector took heart yesterday as favourable City reviews of the PSBR figures rallied confidence ahead of today's announcement of the UK money supply and bank lending totals for January. Although many trading houses raised their estimates of last month's bank lending figure to between £5bn and £6bn, the bond market appeared convinced that not even such a record monthly upward pressure on UK interest rates.

Gilt-edged securities pushed ahead by more than half a point at the longer end, and equities, helped also by a firm performance ahead in Wall Street overnight, moved ahead in slightly improved turnover. Securities markets took a fairly relaxed view of the new terms offered by Ford Motor to its workforce, now in its second week of strike, noting that the balance of concessions has been towards the duration of the deal and on working practices rather than the cash element.

The FT-SE 100 Index closed 13.5 up at 1748.1, after briefly clearing the 1750 mark which only recently indicated the lowest level of a trading range. Institutional interest remained thin, and traders trimmed their books towards the close in prospect of the announcement today of profits statements from a number of major companies.

ICL, with trading results due next week, moved up sharply in good turnover. Others to attract trading interest included British Petroleum and Plessey. But bank issues traded quietly, with traders uncertain ahead of the profits news today from the sector's results session.

Government bonds opened 1/4 up and enjoyed a good morning's trading. Some institutional money went into the long end of the bond issues, where stock is now a hit or short. Short-dated issues put on 1/4 or more, although sellers as well as buyers were seen here.

At mid-session, the bond market quietened down to wait for the UK money supply and bank lending statistics, due at 11.30am today. Phillips & Drew, the London securities house, increased its forecast for January bank lending from £4bn to £6bn, echoing a rise in the market's median forecast to just under £5bn. Chase Manhattan Securities held its forecast at \$2 1/2bn, and Warburg Securities at \$5bn.

The market's perception is that even a substantial increase on the record December bank lending total of £4.9bn will be tolerable, in part because of tax payments and other distorting factors in January. Anything less than a recovery in the market, probably followed by a recovery, summed up one leading ICJ trader.

ICJ attracted good support and rose 1/4 to £104 on a turnover of 2.3m shares after Stewart Wansley, chemical analyst at securities house Morgan Stanley, reiterated his positive view of the stock in a note to investors. Wansley expects further profits growth in 1988 stretching into 1989 and considers the stock grossly undervalued. ICJ's preliminary results are due next Tuesday. Ultramar continued to hold centre-stage in a busy oil sector, with the shares aggressively bought up to 278p prior to closing at 13 up at 276p amid numerous stories surrounding the buyer of the parcel of 5.7m shares traded on Tuesday. Turnover in Ultramar yesterday totalled 4.6m.

There were numerous names put forward as potential purchasers of the shares - including Sir Ron Brierley, who already holds a near 13 per cent stake and Premier Consolidated who recently sold their stake in Tyrol central for a substantial profit. BP attracted a turnover of 6.5m in the "old" and 10m in the "new" with the Kuwaitis and others expected to have been back in the market early in the day and thought to have picked up in excess of 3m of the new. The latter were finally a penny easier at 74p. Bid talk boosted Birmid Quacast to 283p, a rise of 8 to 283p awaiting drilling news.

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FINANCIAL TIMES STOCK INDICES table with columns for Date, Index, Change, High, Low, etc.

Day's High 1398.1, Day's low 1387.3, Bank 100 Govt. Secs 129/026, Field Int. 1928, Ordinary 17/25, Gold Mines 129/25, S.E. Activity 1974, etc.

LONDON REPORT AND LATEST SHARE INDICES. TEL. 0898 123001

telecoms business with that of GEC, and to a lesser degree to the absence of any confirmation of recent bid rumours. Market stories that a share stake was being accumulated were rejected by some specialists. Worries over the Telecoms merger were regarded as overdone by analysts at Chase Manhattan Securities.

Grand Metropolitan, the major UK hotels and leisure group, attracted good support and rose 8 to 470p following the announcement of a £150m pension fund surplus; as a result of the surplus, Grand Met has been paying reduced pension contributions since October 1985 and this will continue to cut costs until the turn of the century.

The market is also eagerly awaiting news of the proposed £425m sale of US subsidiary Union Bank of Switzerland. The "big four" banks were content to await Midland's preliminary figures which are expected by most of the leading securities houses to show "provision" losses in excess of £400m. But NatWest managed a 4 gain at 565p.

Insurance shares were generally a shade firmer where change of business was said to have been extremely thin.

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while Redland added 3 to 389p as 1.5m shares went through the seagymster. Bine Circle, 2m traded on the Birmid Quacast situation, eased to 418p initially, but later recovered to close a penny dearer on balance at 421p. Meyer International added a couple of pence to 367p following a broker's visit to the company, but Magnet continued to ease in the absence of any bid developments to close 2p cheaper at 289p. In the Construction sector, George Wimpey attracted revived demand at 243p, up 7, while Walter Lawrence gained 10 to 137p on speculative buying. Fairbairn made fresh progress in a restricted market to close 12p at 306p, a two-day rise of 22.

Laporte picked up 11 at 389p, while oil takeover favourite Foseco put on 12 to 219p.

Leading retailers posted substantial gains across the board as a number of sizeable institutional buying orders uncovered a bear squeeze. WH Smith "A" led the sector higher and jumped 13 to 286p after market talk that at least two leading securities houses had issued buy recommendations for the stock. Other newsgroups followed with John Lewis up 12p to 384p and Alfred Freedy 7 firmer at 139p.

Markes and Spencer, 3 1/2 up at 175 1/2p, benefitted from switching and a "buy" recommendation from BZW, while County NatWest are believed to be about to add Marks and Spencer to their buy list. The deal with M & S helped Fine Art Developments move up 4 to 243p.

Hogg Robinson Travel featured with a 13 rise to 272p after British Airways revealed that had increased their stake in the group to 9.7 per cent but had no present intention of bidding for the rest of the shares; Airways' stake was believed to have been bought from TSB Bank and the group's share price ended 10 up at 206p.

Marketmakers in Building shares reported increased turnover, but price movements were relatively modest. Parmax, in which the 3.5m share stake changed hands, rose 9 to 230p.

NEW HIGHS AND LOWS FOR 1987/88 table with columns for Stock, Value, etc.

TRADING VOLUME IN MAJOR STOCKS table with columns for Stock, Volume, etc.

RISES AND FALLS YESTERDAY table with columns for Stock, Rise, Fall, etc.

have been accepted by directors and shareholders owing around 65 per cent of the equity capital. Ascend shares responded to close 7 up at 103p. Independent Newspapers were another good feature, with increased annual profits, while Carlton Communications spurted 29 to 718p influenced by bullish emanations from one particular securities house. A report that recently-acquired J Walter Thompson had won the US Kentucky Fried Chicken home delivery account aroused support of parent WPP, up 15 at 465p.

Property shares made further good progress across a broad front reflecting recent bullish circulars on the property market. Land Securities, on a turnover of some 2 1/2m shares, rose 10 more to 500p, while MEPC gained 9 to 476p. Although Easterns finished 7p ahead of 270p and Brixton put on 9 to 260p, Regentrest responded to the better-than-expected interim results and confident statement with a gain of 8 at 82p, after 85p.

A reassuring article in the Financial Times on the price of gold was cited as the prime reason for increased buying activity in Lankra. Turnover improved noticeably to 4.4m from gross funds anxious to obtain the dividend payment before the shares are quoted ex the amount on Monday. Lonrho shares edged 1/2 higher at 29 1/2p. Traded option activity was down following the expiry of the February series. Contracts totalled 26,034 comprising 16,962 calls and 9,082 puts. ICJ registered 1271 calls, 1,000 in the July 1,200's, and 529 puts. The FTSE contract attracted 1,040 calls and 1,399 puts.

Traditional Options table with columns for Dealings, etc.

TRADING VOLUME IN MAJOR STOCKS table with columns for Stock, Volume, etc.

RISES AND FALLS YESTERDAY table with columns for Stock, Rise, Fall, etc.

LONDON RECENT ISSUES table with columns for Issue, Price, etc.

FIXED INTEREST STOCKS table with columns for Issue, Price, etc.

RIGHTS OFFERS table with columns for Issue, Price, etc.

FT - ACTUARIES INDICES

These indices are the joint compilation of the Financial Times, the Institute of Actuaries and the Faculty of Actuaries

Wednesday February 17 1988

EQUITY GROUPS & SUB-SECTIONS table with columns for Index, Change, etc.

FT-SE 100 SHARE INDEX 1748.1

Fixed Interest table with columns for Index, Change, etc.

Price Indices table with columns for Index, Change, etc.

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LONDON TRADED OPTIONS

Table with columns for Option, Calls, Puts, etc.

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ACTIVE STOCKS

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WORLD STOCK MARKETS

Handwritten note: 'July 1988' with a checkmark.

Table of stock market data for various countries including Australia, Canada, France, Germany, Hong Kong, India, Japan, Korea, Malaysia, New Zealand, Norway, Singapore, South Africa, South Korea, Sweden, Switzerland, Taiwan, Thailand, UK, and USA.

Table of stock market data for Canada, including Toronto and Montreal closing prices for February 17.

Table of stock market data for various countries including Australia, Canada, France, Germany, Hong Kong, India, Japan, Korea, Malaysia, New Zealand, Norway, Singapore, South Africa, South Korea, Sweden, Switzerland, Taiwan, Thailand, UK, and USA.

Table of stock market data for various countries including Australia, Canada, France, Germany, Hong Kong, India, Japan, Korea, Malaysia, New Zealand, Norway, Singapore, South Africa, South Korea, Sweden, Switzerland, Taiwan, Thailand, UK, and USA.

Table of stock market indices including New York Dow Jones, London FTSE 100, and other regional indices.

Advertisement for 'Have your F.T. hand delivered...' featuring the logo for HELSINKI & ESPOO and contact information for Financial Times.

NEW YORK STOCK EXCHANGE COMPOSITE CLOSING PRICES

12 Month	High	Low	Stock	Chg.	100s	High	Low	Chg.	100s	High	Low	Chg.	100s	High	Low	Chg.	100s
255	14	14	AA	0.18	10	331	30	+	331	255	255	0.18	10	331	30	+	331
256	21	21	APC	0.16	18	420	24	+	420	256	256	0.16	18	420	24	+	420
257	19	19	AM	0.18	18	152	14	+	152	257	257	0.18	18	152	14	+	152
258	19	19	AMC	0.18	18	152	14	+	152	258	258	0.18	18	152	14	+	152
259	19	19	AMR	0.18	18	152	14	+	152	259	259	0.18	18	152	14	+	152
260	19	19	AMT	0.18	18	152	14	+	152	260	260	0.18	18	152	14	+	152
261	19	19	AMX	0.18	18	152	14	+	152	261	261	0.18	18	152	14	+	152
262	19	19	ANR	0.18	18	152	14	+	152	262	262	0.18	18	152	14	+	152
263	19	19	ARX	0.18	18	152	14	+	152	263	263	0.18	18	152	14	+	152
264	19	19	ASA	0.18	18	152	14	+	152	264	264	0.18	18	152	14	+	152
265	19	19	ASB	0.18	18	152	14	+	152	265	265	0.18	18	152	14	+	152
266	19	19	ASD	0.18	18	152	14	+	152	266	266	0.18	18	152	14	+	152
267	19	19	ASE	0.18	18	152	14	+	152	267	267	0.18	18	152	14	+	152
268	19	19	ASG	0.18	18	152	14	+	152	268	268	0.18	18	152	14	+	152
269	19	19	ASH	0.18	18	152	14	+	152	269	269	0.18	18	152	14	+	152
270	19	19	ASJ	0.18	18	152	14	+	152	270	270	0.18	18	152	14	+	152
271	19	19	ASK	0.18	18	152	14	+	152	271	271	0.18	18	152	14	+	152
272	19	19	ASL	0.18	18	152	14	+	152	272	272	0.18	18	152	14	+	152
273	19	19	ASM	0.18	18	152	14	+	152	273	273	0.18	18	152	14	+	152
274	19	19	ASN	0.18	18	152	14	+	152	274	274	0.18	18	152	14	+	152
275	19	19	ASO	0.18	18	152	14	+	152	275	275	0.18	18	152	14	+	152
276	19	19	ASP	0.18	18	152	14	+	152	276	276	0.18	18	152	14	+	152
277	19	19	ASQ	0.18	18	152	14	+	152	277	277	0.18	18	152	14	+	152
278	19	19	ASR	0.18	18	152	14	+	152	278	278	0.18	18	152	14	+	152
279	19	19	ASU	0.18	18	152	14	+	152	279	279	0.18	18	152	14	+	152
280	19	19	ASV	0.18	18	152	14	+	152	280	280	0.18	18	152	14	+	152
281	19	19	ASW	0.18	18	152	14	+	152	281	281	0.18	18	152	14	+	152
282	19	19	ASX	0.18	18	152	14	+	152	282	282	0.18	18	152	14	+	152
283	19	19	ASY	0.18	18	152	14	+	152	283	283	0.18	18	152	14	+	152
284	19	19	ASZ	0.18	18	152	14	+	152	284	284	0.18	18	152	14	+	152
285	19	19	ATA	0.18	18	152	14	+	152	285	285	0.18	18	152	14	+	152
286	19	19	ATB	0.18	18	152	14	+	152	286	286	0.18	18	152	14	+	152
287	19	19	ATC	0.18	18	152	14	+	152	287	287	0.18	18	152	14	+	152
288	19	19	ATD	0.18	18	152	14	+	152	288	288	0.18	18	152	14	+	152
289	19	19	ATE	0.18	18	152	14	+	152	289	289	0.18	18	152	14	+	152
290	19	19	ATF	0.18	18	152	14	+	152	290	290	0.18	18	152	14	+	152
291	19	19	ATG	0.18	18	152	14	+	152	291	291	0.18	18	152	14	+	152
292	19	19	ATH	0.18	18	152	14	+	152	292	292	0.18	18	152	14	+	152
293	19	19	ATI	0.18	18	152	14	+	152	293	293	0.18	18	152	14	+	152
294	19	19	ATJ	0.18	18	152	14	+	152	294	294	0.18	18	152	14	+	152
295	19	19	ATK	0.18	18	152	14	+	152	295	295	0.18	18	152	14	+	152
296	19	19	ATL	0.18	18	152	14	+	152	296	296	0.18	18	152	14	+	152
297	19	19	ATM	0.18	18	152	14	+	152	297	297	0.18	18	152	14	+	152
298	19	19	ATN	0.18	18	152	14	+	152	298	298	0.18	18	152	14	+	152
299	19	19	ATO	0.18	18	152	14	+	152	299	299	0.18	18	152	14	+	152
300	19	19	ATP	0.18	18	152	14	+	152	300	300	0.18	18	152	14	+	152

Continued on Page 37

NYSE COMPOSITE CLOSING PRICES

AMEX COMPOSITE CLOSING PRICES

Table of NYSE Composite Closing Prices. Columns include Stock, High, Low, and Change. Includes sub-sections for 'Continued from Page 36' and 'Over-the-Counter'.

Table of AMEX Composite Closing Prices. Columns include Stock, High, Low, and Change. Includes sub-sections for 'Continued from Page 36' and 'Over-the-Counter'.

OVER-THE-COUNTER Nasdaq national market, closing prices

Table of Over-the-Counter (Nasdaq) Closing Prices. Columns include Stock, High, Low, and Change. Includes sub-sections for 'Continued from Page 36' and 'Over-the-Counter'.

